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# West Europe Report

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## WEST EUROPE REPORT

(FOUO 9/80)

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

ECONOMIC GROWTH PROJECTIONS FOR 1980-1990

Paris FUTURIBLES in French Dec 79 pp 5-12

[Article by Emilio Fontela, University of Geneva-Battelle Institute:  
"Europe: Outlook for 1985-1990"]

[Text] A great number of economic observers have now come to agree that the industrialized countries have entered a prolonged phase of low growth. A more detailed analysis of the phenomenon shows that a listing of growth rates for the 1960's (Japan in first place, followed by Europe, and in last place, the United States) has changed in the 1970's (Japan in first place, followed by the United States, with Europe in last place), and that it is Europe which may well be the most affected by the general slowdown in the 1980's. The structural rigidity of production activities, social conflicts and the technological slackening particularly seem to affect a Europe short on energy and mineral resources, in the slow process of a transition from the economies of the industrialized countries to the more decentralized, participatory and humanistic forms of the postindustrial society.

Of the many analyses that have been made of factors checking European economic growth, we shall devote our attention to five in particular: the energy crisis; operation of the monetary system; the failure to adapt savings to investments; structural changes in demand; and the conceptual disorder of economic policies.

Building a "more likely" scenario based on the results of these analyses, we shall then present a few quantified projections recently drawn up by the Battelle Institute and finally, we shall conclude with the need for a European economic policy.

Energy Crisis

The increase in the price of oil has confronted all of Europe with a problem of the real transfer of resources abroad, which has resulted in a silent struggle between European nations. This struggle has contributed to a gradual deterioration of the process of integration, creating an unfortunate separation between "strong" countries and "weak" countries. According to all indications, the price of oil will continue to rise in the 1980's.

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The problem is not one of limited oil resources (as the Interfutures study clearly showed), but rather, the optimal strategy of a group of producer countries whose reserves are assumed to be finite. The most conceivable econometric model (Gately, Kyle, Fisher, European Economic Review) that has been made to define the OPEC strategy by resorting to the "optimum response" concept, shows that OPEC must bring about sudden, sharp increases followed by periods of a slight drop in the real price. In this way, it can delay the substitution policies of consumer countries. This strategy is all the more effective because the economic profitability of liquid alternative fuels is uncertain when the average price of crude oil is under \$30 a barrel and because the investments required per production unit are enormous. The only danger of this optimal OPEC strategy resides in the theoretical impossibility for the cartel to control excess demand, particularly from non-OPEC countries. However, this danger is partially offset by the flexibility of production of the world's top producer, Saudi Arabia, whose investment needs are small and oil reserves considerable (over 100 years).

Consequently, excluding military intervention in the Middle East, the average price of oil could well increase another 50 percent in real terms in the course of the next 10 years. Even if a European policy oriented toward nuclear energy and energy conservation should make it possible to reduce the demand for oil, it is highly likely that in the 1980's, the real transfer of resources which Europe will need for its energy will continue to increase, strengthening the negative effects on growth it has exercised since 1974.

The American situation would be clearly more favorable if Carter's policy for the development of synthetic fuels were rapidly implemented, despite doubts that might remain as to its economic profitability in short-range terms.

#### Monetary System

The respect to the international monetary system, the adoption of floating rates of exchange, with the counterpart of greater (apparent) independence of national monetary policies, is probably the cause (even more than the oil problem) of the European split between strong and weak countries. This international evolution has plunged European countries into uncertainty and short-term instability and has led to the adoption of stop-and-go policies about which the least that can be said, when one looks at European unemployment statistics, is that they have failed.

The principal characteristic of these European policies of the 1970's has been increased belief in almost exclusively monetary mechanisms of regulation, which have nevertheless been incapable of truly explaining the inflationary phenomena from which the weak countries have mainly suffered.

The rise in prices is observed everywhere in Europe with a certain fatalism and the psychological climate is not very favorable for trying to halt it

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(inflation by demand and inflation by costs overlap in a process that constantly strengthens the inflationary expectations of all economic agents). We are therefore far from the reasonable prospects evoked at the beginning of the 1960's concerning a 2- to 3-percent price increase for the coming decade, and there can be no doubt that this situation is likely to slow down the process of investment and growth (which essentially requires a climate of monetary stability).

The only encouraging sign in this gloomy picture is the SME (European Monetary System), whose establishment constitutes the first positive step toward restoration of the process of European integration.

Savings and Investment

Since 1973, Europe has experienced a net slowdown in investments, particularly in the private sectors. At the root of this development, in addition to the monetary instability and lack of confidence it engenders, one finds the increase in interest rates, while the higher level of indebtedness prevents the relaunching of investments. Family savings move away from the capital markets with variable returns and even from housing, concentrating, as uncertainty increases, on securities with a fixed income (despite the fact that inflation generally causes them to have negative real interest rates). The drop in investments is particularly noticeable in innovative domains requiring large risks: Research, development, pilot productions are substantially reduced and the structural change in productive activities is thereby slowed down.

How is one to restimulate self-financing when trade union pressure erodes the overall distribution of income between labor and capital to the detriment of the latter? How is one to redirect household savings toward the long-term financing of business? These are the mechanisms of financing growth that have been the most seriously affected by the crisis in the 70's and it is not very likely that the lost confidence of both savers and investors can be regained before the end of the coming decade, especially since the situation is made even further complicated by a long-term evolution that was revealed by the studies of the UN Economic Commission for Europe: a constant drop in the productivity of capital (or a continuous increase in the capital ratio of Western economies) caused by the evolution of the productive structure toward the tertiary sector and the new needs of the secondary sector (fight against pollution, energy conservation endeavor, and so on).

Structure of Demand

In addition to the investment slowdown already mentioned, the 1970's have been marked by the appearance in Europe of partial saturation of household demand (especially with respect to lasting consumer goods) comparable to the phenomenon observed in the United States 10 to 20 years ago. From this partial saturation of the consumption of material goods emerges an increased demand for private and collective services, which generate



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fewer activities and jobs. In the interindustrial exchange model approach of Leontief, one could say that final demand is oriented toward structures that generate fewer indirect effects at the production level. Here again, we find ourselves faced with an almost unavoidable evolution, one that in addition is in keeping with the ecological desire for greater conservation of energy and raw materials.

Nevertheless, it is on this point that substantial differences exist between European regions and countries. Moreover, it is because of the fact that their demand for manufactured products is still very far from saturation that countries such as Spain and Italy should still be able to grow at relatively high rates in the 1980's.

Conceptual Disorder of Economic Policies

During the 1950's and 1960's, the European countries set up national accounting systems and methods of analysis making it possible to view with optimism the problem of managing economic growth with the aid of fiscal and monetary instruments. It is with pleasure that one recalls the effectiveness of the stabilization plans adopted by several countries at the close of the 50's which strengthened belief in the omnipotence of the economic policy instruments. As surprising as it may seem today, all the economic theories found quantitative arguments during the period to prove their validity.

Following the beginning of the international monetary crisis and its accentuation by the oil crisis, the European economies entered an entirely new situation that practically defies all schools of economic thought. We are therefore in step with Keynes when he said, over 40 years ago: "For the time being, the profound divergencies between economists have almost totally destroyed the influence of economic theory and will continue to do so until they are resolved." Economic history may one day clearly show the responsibility, in the current crisis, of economists who have systematically recommended short-term economic policy measures to treat an essentially long-term problem of structural evolution. In nearly all countries (with the major exception of those which had an adequate buffer in foreign labor), economic plans of restrictions and priming came one after the other, with as many failures, without thereby shaking the confidence of economic advisers, particularly those of the international organizations (for whom the main objective seems to have been coordinating recessions and modest expansions in the different countries). The dialectical battles between Keynesians and monetarists, the systematic confrontation of diagnoses of inflation by demand and inflation by costs did not make a positive contribution either to the creation of a climate of confidence in the effectiveness of the economic policy or, more concretely, to a revival of production and investment and the reabsorption of unemployment.

It should now be rather obvious that it is urgent to remove from the decision-making process dogmatisms inspired by the past success of economic policies and to adopt an essentially pragmatic attitude, once again

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giving importance to the microeconomic level and relegating macroeconomics to more fortunate periods of the economic cycle.

All that one can now ask of macroeconomics is a guarantee of continuity in the handling of instruments of economic policy (stability of exchange, regular growth of the monetary mass, limiting the deficit of the public sector) seeking to restore confidence in the stability of the system and favoring producers instead of encouraging speculators, in short, an economic policy that creates favorable conditions for increasing the flexibility and adaptability of supply under conditions of monetary stability and ceases to believe in the possibility of controlling the system by manipulating the combined demand.

The first step taken in this direction with the SME is nevertheless not adequate to allow one to think that Europe will be able to enter a phase of real stability in the 1980's.

European Economy, 1980-1990

The analyses made previously lead to a rather pessimistic scenario of the evolution of the European economy over the coming decade. Actually, the scenario only shows tendencies because it essentially contains the continuation of tendencies mainly registered since 1974.

It was this pessimistic scenario of tendencies that resulted in the "central scenario" simulated by the Battelle Institute by means of its medium-term models EXPLOR (static) and FORSYS (dynamic).<sup>1</sup> Among the numerous variables in these models, we have only retained the gross national product in Table 1 and unemployment in Table 2.

According to this simulation, only Spain and Italy should be able to resume a relatively rapid growth rate, which will still be below the rate needed for full employment. Thanks to its energy independence, Great Britain is once again experiencing growth higher than the rate characteristic of the 1960's, although it has still not reached a high rate.

In all countries, unemployment remains a major problem (simulations are made within the framework of a hypothesis making a linear projection of the drop in the number of hours worked per person during the 1960's and 1970's).

The scenario showing tendencies and the simulation of growth accompanying it do not point to the recovery needed to regain full employment. On this point, one can at least say that the continuation of tendencies observed in the recent past leads to a long-term socially unacceptable situation.

<sup>1</sup>EXPLOR and FORSYS are multisectorial models with functions of demand (LES for EXPLOR and NLES for FORSYS), input-output tables, functions of wages, profits, employment and prices.

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The scenarios showing tendencies are made to be corrected by voluntarist policies. Their unacceptability opens the door to the drafting of objectives and the choice of means to attain them. In the case of the European countries, it thus appears that autonomous national policies are, as recent experience has shown, inadequate for fighting the essentially psychological aspect of the current crisis. Restoring confidence in the future of the European economic agents means restoring confidence in the process of European integration and in the role of Europe in the world.

Table 1. Annual Growth Rates of Gross National Product (at constant prices)

	1970/60	1980/70	1985/80	1990/85
Spain	6.8	4.0	4.6	4.9
France	5.6	3.5	3.2	3.3
Great Britain	2.8	2.3	3.0	3.0
Italy	5.5	2.9	4.0	4.4
Federal Republic of Germany	4.7	2.8	3.0	3.2

Source: EXPLOR and FORSYS models of the Battelle Institute, Geneva, Central Scenario.

Table 2. Unemployment ( $10^6$  Workers)

	1970	1980	1985	1990
Spain	0.2	1.3	1.3	1.1
France	0.5	1.5	1.6	1.6
Great Britain	0.6	1.5	1.4	1.3
Italy	1.1	1.8	1.7	1.6
Federal Republic of Germany	0.2	1.0	0.9	0.8

Source: EXPLOR and FORSYS models of the Battelle Institute, Geneva, Central Scenario.

It is this task, which inherently generates projects, growth and employment, that awaits European politicians in the 1980's if they want to change the tendencies deemed unacceptable. Pursuing this task means assigning to the European monetary system a real policy of transregional solidarity, a European energy proposal, a mechanism for aid to industrial redeployment and coordination of fiscal and monetary policies. It means completing the European edifice with the entry of Spain into the Common Market and endowing it with common foreign and defense policies.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

EFFECT OF PETROLEUM PRICING ON ECONOMIC GROWTH

Paris FUTURIBLES in French Dec 79 pp 38-43

[Article: "Five Scenarios for 1985-1990"]

[Text] "The First Macroeconomic Explorations for France, Horizon 1985": This is the title of a document published by INSEE [National Institute of Statistics and Economic Studies] in October. The article contains projections made at the request of the Planning Commission, based on hypotheses furnished by the Commission. To the four initial scenarios, a fifth was added: that of a serious decline of the French economy in 1981-1983, resulting in unbalanced foreign trade due to the effect of the 1979 oil "shock."<sup>1</sup>

The four projections illustrate two possible states of the international environment and two domestic policy strategies. The two world contexts are taken as hypotheses and are closely linked to future changes in oil prices:

Favorable environment: The price of crude oil will increase at the same pace as world prices. The reduction in inflation seen in 1978 among our trading partners will continue once the effects of the 1979 shock on oil prices has worn off (5.8-percent annual price increase among our partners between 1980 and 1985 as a hypothesis). The gradual rehabilitation of Western economies will permit more sustained growth (3.6 percent annually between 1980 and 1985) than in recent years (2.1 percent between 1974 and 1976).

Unfavorable environment: The price of crude oil will register an increase 7 percent higher than the increase in world prices. Western countries will then have a more difficult time maintaining their inflation (6.9 percent annually between 1980 and 1985), and the implementation of restrictive policies leads to more moderate growth among our partners (2.7 percent annually between 1980 and 1985).

In both cases, the projections made will show that the depreciation of the franc (on the average, - 1.9 percent annually, according to hypotheses) will not be enough to compensate for differences in inflation between France

<sup>1</sup> This text is taken from CORRESPONDANCE ECONOMIQUE, 29 October 1979.

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and other countries, and our exports, penalized by a loss in competitiveness, will not follow the rate of growth of world demand.

Two Domestic Policy Strategies

The two domestic policy strategies envisioned by the Plan have common objectives: creating conditions favorable to improved employment under the pressure of a medium-range foreign balance.

Following the first strategy, labeled as a policy of regulation by demand, public finances make it possible to control growth and thereby, to adjust imports to the development of exports.

Relieving outside pressure depends on the hypothesis that major efforts will be made to conserve energy (the equivalent of 3 million tons of oil, compared with 1.5 million in the recent past). It takes into account the rise of the electronuclear program. It is also assumed that the trend toward a shorter work week will continue: Every year, the work week would be shortened by a half hour, reaching 38.5 hours in 1985. This hypothesis is not accompanied by any wage compensation or any additional extension of shift work.

Under such conditions, the projections made show that the pressure of the foreign balance, by imposing strict handling of public finances, contains growth at 3.2 or 2.6 percent per year, following the international environment (compared with 2.9 percent between 1974 and 1978). The moderation of inflation associated with the projections is mainly explained by two causes: the slower increase in prices of our imports (even in the case of an unfavorable international environment), and the moderate increase in wage costs per unit produced as a result of the gradual resumption of productivity. This moderate growth in activity is accompanied by an unfavorable evolution of employment and growing unemployment: 2.1 or 2.3 million unemployed workers in 1985, according to the foreign scenario.

The detailed results of this "policy of regulation of demand" in both international cases anticipated are presented in Scenarios 1 and 2.

The second strategy, labeled as a policy of structural adaptation, assumes an accentuation of measures envisioned in the first strategy, but new actions as well. Relief from outside pressure is envisaged thanks to three measures: energy conservation measures that are even stronger than in the first strategy (the equivalent of 4.5 million tons of oil); higher taxes on energy, expressed in price increases to discourage consumption; and an increase in social conditions reduced by half compared with the first strategy in order to promote the competitiveness of the productive apparatus.

In addition, the work week is assumed to decrease twice as fast as in the first strategy, reaching about 36 hours by 1985. This reduction would be accompanied by an almost equal reduction in wage increases and, on the

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other hand, a slight drop in the amount of time equipment is used. Growth in income of individual businessmen and merchants is also assumed to be moderate.

## Scenario 1. Favorable Environment, Policy of Regulation

1.	Evolution (% per year)	1970-74	1974-78	1980-85		
	Growth: Commercial GNP (volume)	5.3	2.9	3.2		
	Inflation: Consumer prices	7.2	9.7	6.2		
2.	Absolute Figures	1970	1974	1978	1981	1985
	Unemployed (thousands)	510	615	1,187	1,633	2,168
	Financing needs					
	Nation (billions cur. francs)	0.2	30.6	-7.2	7.5	-1.9
	Administrations (billions cur.frs.)	-7.8	31.5	47.9	49.2	55.1
	Rate of investment %	14.9	14.4	13.1	13.4	13.3
	Rate of profit %	8.5	6.7	5.6	4.7	4.9
	Rate of savings %	16.7	17.4	18.2	17.4	16.5
	Share of added value (%)					
	Remuneration, salaried workers	49.0	52.2	54.5	56.0	55.9
	Including: Wages	37.7	40.7	40.4	40.3	39.0
	Tax pressure (% of total GNP)	36.6	36.3	39.4	41.6	43.4
	Including: Corporate contributions	12.9	14.0	16.5	18.3	19.7
	Income tax	3.5	3.7	4.2	4.7	5.2
	Tax on oil products	1.7	1.4	1.7	1.9	1.8
	Added value tax	9.0	8.9	8.5	8.5	8.3

## Scenario 2. Unfavorable Environment, Policy of Regulation

1.	Evolution (% per year)	1970-74	1974-78	1980-85		
	Growth: Commercial GNP (volume)	5.3	2.9	2.6		
	Inflation: Consumer prices	7.2	9.7	6.5		
2.	Absolute Figures	1970	1974	1978	1981	1985
	Unemployed (thousands)	510	615	1,187	1,649	2,274
	Financing needs					
	Nation (Billions cur. francs)	0.2	30.6	-7.2	13.9	18.2
	Administrations (Billions francs)	-7.8	31.5	47.9	53.2	101.4
	Rates of investment %	14.9	14.4	13.1	13.3	12.7
	Rates of profit %	8.5	6.7	5.6	4.6	5.1
	Share of added value (%)					
	Remuneration, salaried workers	49.0	52.2	54.5	56.2	55.4
	Including: Wages	37.7	40.7	40.4	40.4	38.6
	Tax pressure (% of total GNP)	36.6	36.3	39.4	41.7	43.6
	Including: Corporate contributions	12.9	14.0	16.5	18.3	19.6
	Income tax	3.5	3.7	4.2	4.7	5.2
	Tax on oil products	1.7	1.4	1.7	1.9	1.8
	Added value tax	9.0	8.9	8.5	8.6	8.5

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## Scenario 3. Favorable Environment, Structural Policy

1. Evolution (% per year)	1970-74	1974-78	1980-85		
Growth: Commercial GNP (volume)	5.3	2.9	3.4		
Inflation: Consumer prices	7.2	9.7	6.4		
2. Absolute Figures	1970	1974	1978	1981	1985
Unemployment (thousands)	510	615	1,187	1,558	1,753
Financing needs					
Nation (Billions cur. frs.)	0.2	30.6	-7.2	12.1	-5.5
Administrations (Billions cur.frs.)	-7.8	31.5	47.9	60.0	48.6
Rate of investment %	14.9	14.4	13.1	14.0	13.4
Rate of profit %	8.5	6.7	5.6	4.7	5.2
Rate of savings	16.7	17.4	18.2	18.0	16.2
Share of added value (%)					
Remuneration, salaried workers	49.0	52.2	54.5	56.5	56.0
Including: Wages	37.7	40.7	40.4	40.8	39.3
Tax pressure (% of total GNP)	36.6	36.3	39.4	41.8	42.8
Including: Corporate contributions	12.9	14.0	16.5	18.0	18.6
Income tax	3.5	3.7	4.2	4.5	4.7
Tax on oil products	1.7	1.4	1.7	1.9	2.0
Added value tax	9.0	8.9	8.5	9.5	9.3

## Scenario 4. Unfavorable Environment, Structural Policy

1. Evolution (% per year)	1970-74	1974-76 [sic]		1980-85	
Growth: Commercial GNP (volume)	5.3	2.9		2.8	
Inflation: Consumer prices	7.2	9.7		6.6	
2. Absolute Figures	1970	1974	1978	1981	1985
Unemployment (thousands)	510	615	1,187	1,574	1,867
Financing needs					
Nation (Billions cur. frs.)	0.2	30.6	-7.2	17.4	10.3
Administrations (Billions frs.)	-7.8	31.5	47.9	63.4	92.0
Rate of investment %	14.9	14.4	13.1	13.4	12.8
Rate of profit %	8.5	6.7	5.6	4.6	5.4
Rate of savings %	16.7	17.4	18.2	18.0	16.1
Share of added value (%)					
Remuneration, salaried workers	49.0	52.2	54.5	56.7	55.4
Including: Wages	37.7	40.7	40.4	40.9	39.0
Tax pressure (% of total GNP)	36.6	36.3	39.4	41.9	43.0
Including: Corporate contributions	12.9	14.0	16.5	18.0	18.6
Income tax	3.5	3.7	4.2	4.5	4.7
Tax on oil products	1.7	1.4	1.7	1.8	1.9
Added value tax	9.0	8.9	8.5	9.6	9.5

The projections made based on these hypotheses lead to growth rates that are slightly higher (3.4 or 2.8 percent annually, depending on the foreign context) than in the first strategy. After an initial jump attributable to increased taxes, inflation then tends to become more moderate (6.4 or

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6.6 percent annually between 1980 and 1985, depending on the foreign scenario). The strong drop in the work week, under strict conditions of application (very small wage compensation and extension of teamwork) improves the employment situation: up 37,000 persons annually or down 16,000, depending on the case. In 1985, there would be a little under 1.8 or 1.9 million unemployed persons, depending on the foreign context.

A few detailed results of this "structural action policy" can be seen in the two international cases shown (Scenarios 3 and 4).

Scenario of "Slippage" and Failures

The fifth scenario results from another Planning request dated 11 October 1979. The Commission had grown concerned over its initial hypotheses envisaged in Scenarios 3 and 4 (policy of structural adaptation). Some of these hypotheses were pointed out as being particularly uncertain. For example: Will the increased purchasing power of the hourly wage not surpass the transitory gains of hourly productivity and will the reduction in work not be compensated for in wages? Will it be possible to obtain moderation of the purchasing power of the income of individual businessmen from the competitive margins? Will the slippage that might occur in the preceding three domains not risk causing distrust of the franc?

Concerning results that would be achieved if the structural adaptation scenario were successful, these uncertainties led to an examination of what would happen in case of failure. When would such a failure manifest itself? The Planning Commission believes that the structural adaptation scenario could only be put into effect after overall negotiations involving corporate partners and that the slippage would therefore probably not occur immediately. The year 1982 was therefore chosen as the beginning of execution.

What would happen after such slippage? It is likely that stabilization measures would be taken, but it is difficult to predict their date or even their nature. That is why there was a simulated continuation of the slippage until the end of the Eighth Plan. For example, after 1982, the purchasing power of income other than wages would regain its spontaneous growth, previous to implementation of the revenue policy. Moreover, at the end of 1982, the deterioration of the situation would cause a speculative attack on the franc. Compared with the German mark, the franc would go down in value 6 percent more than justified by purchasing power parity.

The results of this study -- that is, the scenario of failure -- show an economic situation which, compared with Scenarios 3 and 4, has increased inflation, a very slight loss of growth and a slight unemployment increase.

The following table contains a few figures on this variation of Scenarios 3 and 4. The table can be read as follows: For the 1980-1985 period,



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the growth rate of the commercial GNP would be 0.1 point lower than that obtained in Scenarios 3 and 4. In 1985, unemployment would exceed the figure observed in these scenarios by 64,000.

Scenario 5. Slippage Beginning in 1982

Evolution (% per year)	1980-1985
Growth: Commercial GNP (volume)	- 0.1
Inflation: Consumer prices	+ 1.9

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

ECONOMETRIC FORECASTS, MACROECONOMIC GROWTH TO 1984

Paris FUTURIBLES in French Dec 79 pp 45-60

[Article by Jean Hauchecorne: "The Detailed Sliding Predictions of the BIPE" (Bureau of Economic Information and Predictions)]

[Text] The first publication of the Detailed Sliding Predictions of the BIPE aroused interest showing that there is a widespread need for such works. Jean Hauchecorne, general representative of the BIPE, presents the principles, methods and some results of this operation. He also emphasizes its innovative nature, its contributions and its limitations.

Any rational decision in the field of economics must be made in reference to a coherent, overall view. This means that a reference image of the future is indispensable to those making such decisions.

If one examines the evolution of how this need has been met in the recent period of our economic history, one notes that after the period of reconstruction of the immediate postwar time, during the years from 1950 to 1970, this need was fairly well met by successive plans. Throughout this period of continuous growth, they provided a simplified image of its implications which, since it was not totally distorted, played its role as a point of reference and exercised a guiding influence on the decision makers, to whose needs it responded in an incomplete, but useful, fashion. As the successive plans were drawn up, a gradual refinement of methods and procedures made it possible to meet needs for relatively subtle information better and better. At the close of this evolution, the Seventh Plan was to combine with its macroeconomic work a detailed sectorial distribution whose completion was entrusted to INSEE [National Institute of Statistics and Economic Studies] and the BIPE, on the basis of the Plan's macroeconomic predictions.<sup>1</sup>

However, as early as 1970 and a fortiori after 1974, the increasingly complex nature of the economic situation made these works inadequate, despite the growing sophistication of techniques used. However paradoxical it may seem, the relatively rough plans of the 1950's were better adapted to the economy of the time than those of the close of the period, which were drawn up in a much more uncertain environment.

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The increasingly open and risky international context, the need felt by corporate executives to interpret the economic change and foresee the impact of new phenomena on the future and the development of procedures of strategic planning in business created a greater need for better adapted forecasting tools. Actually, while the relatively rough extrapolation of the past, the basic technique of the early plans, shed enough light on the future when the evolution took place without a hitch, it became seriously inadequate in the new context, which required that all serious predictions include a plurality of hypotheses.

A response to this requirement was supplied by the development of new tools, the best example of which is INSEE's DMS model,<sup>2</sup> which offers powerful possibilities of simulation. But this important methodological effort was not sufficient to mitigate the weaknesses of the plan's setup for meeting the programming needs of businesses facing uncertainties. The work of the plan is produced only every 5 years. What was acceptable during a period of continuous, sustained growth is no longer, and the changing nature of the economic situation requires a much more frequent review of predictions. Furthermore, the projections associated with the plan quite properly took into consideration a certain number of objectives, which could bring the quality of the predictions into question. The institutional context within which drafting took place made it difficult to distinguish between objectives, spontaneous evolutions and likely evolutions.

It was the realization of the inadequacy of medium-term projections drafted under such conditions for business planning that led the BIPE to develop, as early as 1972, its medium-range (5 years) predictions that would be re-examined every year and gradually improved until the achievement of a degree of detail acceptable to users. At the same time, the increasingly pressing affirmation by business economists of their needs,<sup>3</sup> a study of available works and their status in the principal industrialized countries<sup>4</sup> led the government, which had recognized gaps in the field of medium-range forecasting, to undertake the "Detailed Sliding Predictions," whose principle was included in the bill concerning approval of the Seventh Plan, which stipulated that "the machinery for sliding pluriannual projections" would be set up in order to enable businesses and other users to better make their predictions." Only the methods for doing so remained to be defined.

The objective is to supply economists and business planners with the environmental prospects into which they can, with a certain degree of certainty, insert their own predictions.

In order for this objective to be achieved, projections must be reviewed with sufficient frequency and a mobile horizon. They must be transparent, meaning that the hypotheses, mechanisms and results must be clearly outlined and the analysis must be overall, sectorial and detailed: overall, because users wonder about the general economic and social future of France as a basic element of their strategy; sectorial, because the consequences, by type of activity, of overall macroeconomic evolutions affect industrial redeployment; and detailed, with a fine analysis by

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product, because it is this level that constitutes "the generalized market study" that can be directly used by most economists, planners and business executives seeking enlightenment for their long-range decisions: investments, commercial policy, diversification, and so on.

Finally, the need to have a plurality of projections in order to explore the field of possibilities, as required by any reliable forecasting work in the current uncertain situation, leads to tools of simulation.

Once these technical conditions were fulfilled, it was still necessary to give the operation the broadest autonomy vis-a-vis the government so as to escape the reproach of normalcy directed at the plan. It was this consideration that was decisive in entrusting overall responsibility for the operation to an independent organization.

It was on these foundations that, for the first time beginning in November 1978, the following arrangement was set up and went into operation. Every year, with the help of competent experts but acting on its own responsibility, the BIPE draws up sets of hypotheses corresponding to different scenarios of medium-range economic evolution. This essential phase makes it possible to begin technical works at the three levels of analysis retained.<sup>5</sup>

Level 1: general frame of reference in a dozen major sectors of the new-version INSEE DMS model.<sup>6</sup>

Level 2: analysis in 40 branches of the Propage model of the General Planning Commission and INSEE.<sup>7</sup>

Level 3: description of production and foreign trade for some 200 products constituting the BIPE indicators drawn up based on the economic framework of levels 1 and 2 and information from sectorial experts from the BIPE and professional circles.

The results of the three levels are published by the BIPE at the end of June of each year. The work is therefore done from the month of October to the month of June of the following year. Projections outline a 5-year economic outlook providing progressive elements.

In order that the needs of users might be adequately met, a committee of users and experts<sup>8</sup> act as advisers ruling on the validity of the hypotheses and the results. However, the BIPE retains complete control over the work and is responsible for it.

DMS Model

DMS (multisectorial dynamic model) was launched during the summer of 1976. It was first used at the beginning of 1977. A second version, consistent with the new system of national accounting, was operational by the end of 1978.

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DMS is a medium-range econometric simulation model in keeping with the framework and evaluations of national accounting with 1962 as a basis. It describes a series of annual balances that are linked together. In association with a certain number of hypotheses, it makes it possible to make predictions having to do with the principal trends described by national accounting (physical balance, accounts of agents, prices and incomes, labor balance, and so on).

Objectives

To describe how the sequence of a series of annual balances makes it easier to understand the medium-range economic evolution and its connections with the initial circumstances. DMS is a model of annual progress, whose normal period of use is from 5 to 8 years.

To better represent the behavior of economic agents, particularly business, through a detailed study of behavior in the past (econometric model) and with the aid of a pertinent dissection of the production system (multi-sectorial model).

Field: General macroeconomic model of French economy (not regionalized).

Type: Dynamic

Frequency of issue: Annually

Span: Up to 8 years (short-medium range)

Use: Simulation

Planned uses: Drafting of medium-range plans (replaces Fifi model) and sliding pluriannual projections.

Economic agents taken into consideration: Businesses are separated into 11 branches or sectors. Each of the other economic agents (households, administrations, financial institutions, foreign outlook).

Size: 1,100 equations, including 220 behavior equations

Principal exogenous variables: Over 400 exogenous variables concerning the international environment, budget, fiscal and monetary policies, demographic variables and certain elements from accounting for agriculture, the housing department and financial institutions.

Mode of determining behavioral relationships

Econometric model mainly based on the 1959-1974 period, generally by the method of the least regular squares.

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Metric Model

The Metric model (Quarterly Economic Model of the Situation) was constructed by the National Institute of Statistics and Economic Studies and the Ministry of Finance Forecasting Directorate.

It was used for the first time during the second quarter of 1977 by the INSEE Situation Department and the Forecasting Directorate (economic budgets).

Field: Complete economic circuit (including the financial circuit and the balance of payments)

Type: Overall, interdependent, dynamic, very short-term, short-term, short-medium-range

Size: Number of incoming variables: 200  
Number of outgoing variables: 390  
Number of relations: 425

Principal incoming variables:

International variables: demand and foreign prices

Elements from administrations' account

Government decisions: barometers, SMIC [Interoccupational Minimum Growth Wage]

Financial variables: rate of the monetary market, rate of compulsory reserves

Various complements: Elements from agricultural account

Principal outgoing variables:

Principal variables of quarterly national accounting

Tension variables: employment supply and demand, unemployed capacities, financial situation of businesses, state of stocks

Long- and short-term anticipations of price increases

Variables specific to branches and functions

Housing: Number begun excluding HLM [Low-cost Housing Program]

Gross fixed capital built up: cost of using capital, optimal capital coefficient on new investments

Rate of exchange and balance of payments

Documentation on Metric model: ANNALES DE L'INSEE, No 26 (1977), first version of the model

Propage Model

Propage (sliding annual plurisectorial projections model) is designed to fit into a coherent set of economic predictions at several levels. It should enable businesses to better know their economic environment and

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thereby facilitate their own planning. The Detailed Sliding Projections setup was used for the first time in France in 1979, under the responsibility of BIPE (Information and Economic Predictions Office) and should be articulated in three coherent levels: Level 1, macroeconomic, generated by the Multisectorial Dynamic Model (DMS) of INSEE (11 branches); Level 2, mesoeconomic (Propage, 40 branches); Level 3, 200 indicators, based on preceding levels, by BIPE, for 200 products.

Size: Propage is a very large econometric model (some 6,000 equations) which uses the Canadian system Simsys for the construction and handling of economic models.

Type and Scope: It is a model in 40 branches -- products, input, output -- of the French economy. It is a dynamic model that projects year by year and for up to 8 to 10 years, the incoming-outgoing tables in volume (1970 prices) and value (current prices) of national accounting, using the so-called "level 40" (T nomenclature) nomenclature of activities and products. The economy is therefore divided into 36 branches, including 18 industrial branches and 10 branches for the commercial tertiary sector.

Role: Propage, unlike the DMS, is not a complete macroeconomic model. It does not describe the primary and secondary circuits of distribution of incomes. There is no overall economic table in Propage. Indirectly, it is the DMS mechanisms that take on this role. In its current version, Propage takes the place of DMS, outlining, in the detailed manner characteristic of it, the operation of the national production apparatus and inter-industrial mechanisms of trade.

Results of Early Work (1979-1984 Predictions)

All the work done from November 1978 to June 1979 is presented in five volumes that one can obviously not sum up in a few lines. By way of illustration, we shall briefly give a few of the medium-term predictions drawn up at the macroeconomic level, the sectorial level and the detailed level by product, after giving the main hypotheses on which these predictions are based.

The hypotheses retained as initial data for the DMS model essentially have to do with the international environment and economic policy. They assume that beyond the current circumstantial fluctuations, the international environment would be marked by three elements:

- 1) the pursuit by European countries of policies involving a slow mastery of the principal imbalances that have affected their economies since the beginning of the decade;
- 2) a "continentalist"-type behavior on the part of the United States, characterized by stop-and-go growth, the absence of any real energy policy and a certain wait-and-see attitude regarding monetary policy; and

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3) an evolution in oil prices parallel to that of world inflation, with recent increases being interpreted as OPEC's means of restoring terms of trade to their 1974 level.

The hypotheses of economic policy foresee a rather strict management of public finances, which remain subject to strong restrictions and a determination to master corporate transfers. The BIPE poses the hypothesis of slower growth in the demand for goods and services from administrations.

This hypothesis is justified by the determination to stabilize the public deficit under 3 percent of the GNP. It is expressed in particular by a slowdown in social benefits, whose growth in real value will reportedly be 6.4 percent between now and 1984 compared with 9 percent during the recent period.

Within the framework of the hypotheses given, which to a large extent presume the continuation of behavior observed in the course of the recent period, the projections drawn up with the DMS model reveal a definite potential for recovery of the French economy in medium-range terms. The recovery is not expressed in a clearly more rapid growth, but in an improvement in the conditions of growth: the pursuit of high productivity gains favoring a gradual but lasting resumption of investment thanks to a sharing of the added value that is more favorable to business; a gradual reduction in inflationary trends; and finally, a loosening of foreign restrictions thanks to an industrial specialization of France well oriented toward the most dynamic segments of world demand: durable goods for businesses and homes (including automobiles). France's commercial surplus in this type of goods in 1984 (some 150 billion francs) would more than compensate for the energy bill.

Sectorial works confirm these analyses taken from the DMS model. In particular, one should note progress now underway in equipment industries and the less notable but nevertheless real progress observable in consumer industries. On the whole, even if the intermediate goods industries now have to bear heavy handicaps resulting from the great equipment efforts of the 1970's, the industrial economy is capable of meeting an intensification in international competition and of continuing its development at a substantial pace. This development, which is possible, coherent and compatible with what we know about the past, nevertheless allows serious problems to remain

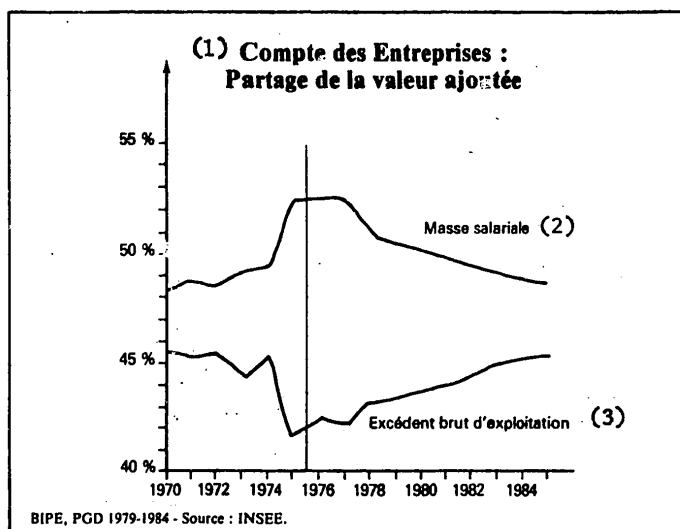
First of all, these prospects do not provide hope for any improvement in the employment situation. Unemployment would even continue to increase throughout the period, considering an exceptional rise in the national labor force over the next 5 years.

Moreover, despite the moderate hypotheses adopted with respect to growth in social benefits, the burden of social transfers is increasing substantially in the buildup of household income. The BIPE has agreed that the



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portion constituted by social contributions in the financing of these benefits will decline noticeably, going from 96 percent in 1978 to 82 percent in 1984. This hypothesis presumes that technical means will be set up making it possible to finance the burden of Social Security.



Key:

1. Business: Share of Added Value
2. Wage mass
3. Gross operating surplus

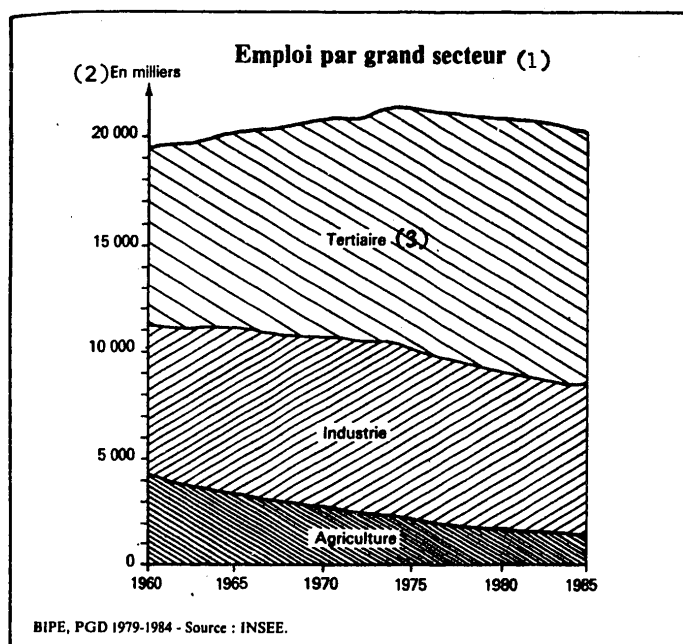
Finally, the stagnation or even reduction in recent years in private productive investments in intermediate goods industries carries the risk of creating tension affecting supply at the beginning of the 1980's.

Summed up in this way, the analysis would be incomplete if it did not mention the uncertainties it contains and whose detection is, along with the other conclusions, an important result of this work. The uncertainties of oil, the problems posed by the behavior of investors, the slowdown in nominal evolutions which presumes a renewal in the efficacy of the fight against inflation, the distribution of household income which is unfavorable to wage income, the problem of financing social transfers, the possibility of an attempted boost under the pressure of jobseekers and that of a more marked reduction in the work week all constitute elements that generate uncertainties that call forth the questions brought forth by the very nature of the exercise. However, they do not bring into

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question the strong points on which it would appear that the medium-range future of the French economy, as outlined by the analyses, will have to be based.



Key:

1. Employment by Major Sector
2. In thousands
3. Tertiary

These results are those from the reference scenario chosen by the BIPE<sup>9</sup> which was developed up to the sectorial level (40 branches) and detailed level (200 indicators, products or pieces of work). For each one of them, the market and production prospects were analyzed in detail. The quantified predictions were completed for each product by an explanatory commentary and a set up notes relating to the specific problems of the apparatus producing the goods studied.<sup>10</sup>

These analyses show that the essential factor in differentiating between growth rates of the sectors results from two factors: structural modifications of demand at a fine level; the heterogeneity of performances of each branch in the area of foreign trade, whose trends are shown by the following table.

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## Activity of Branches (Level 40)

## Average Annual Growth Rate of Production in Volume

	70-73	73-78	78-84	Trend Comparison 78-84 with 73-78
Durable Goods Industries				
Machine construction	5.4	-0.6	3.0	+
Professional electric and electronic equipment	11.9	5.0	6.0	=
GIMEE [exp. unknown] equipment	8.9	1.4	4.9	+
Electrical goods	9.0	7.9	4.9	-
Telephone and telegraph equipment	22.1	9.9	3.8	---
Data processing	14.0	6.0	10.0	+
Household goods	11.4	6.2	6.1	=
Private vehicles (in number)	8.5	1.7	2.2	=
Aeronautic construction	7.5	6.4	6.6	=
Naval construction (gross tons)	3.5	-0.3	-3.0	---
Total durable goods				
DMS-PGD1	8.1	4.3	5.4	
DMS-PGD2			5.1	
Consumer Goods Industries				
Parachemistry-Pharmaceutical	9.8	4.7	4.9	=
Pharmaceutical	11.2	6.7	6.2	=
Textile, clothing	4.1	-0.8	-0.3	=
Leathers and shoes	5.8	-0.6	1.3	+
Wood, furniture	12.4	1.5	2.7	+
Furniture	14.1	5.1	4.1	=
Printing, press, publishing	5.2	2.5	2.9	=
Total consumer goods				
DMS-PGD1	6.1	1.5	2.1	
DMS-PGD2			1.8	
Intermediate Goods Industries				
Iron and steel, ferrous metals	2.6	-0.4	1.8	+
Ores and nonferrous metals	6.1	2.6	5.4	++
Building materials	7.5	0.3	0.6	=
Cement	2.0	-1.7	0.1	+
Glass	11.8	4.6	3.1	-
Basic chemistry	13.2	0.5	2.4	+
Nitrogen fertilizers	8.2	0.4	3.9	++
Plastics	18.7	1.6	4.2	+
Smelting, metalworking	3.8	-2.0	0.6	+

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Paper, cardboard	5.4	0.3	2.5	+
Rubber, plastics	16.9	2.8	3.3	=
Total intermediate goods				
DMS-PGD1	6.2	0.2	3.1	
DMS-PGD2			2.6	
PGD1: Reference scenario				
PGD2: Variation				

The result of these two factors leads one to retain the following medium-range projections, recapitulated in three tables that situate them in comparison with the past growth of the main industrial branches before and during the crisis.

## Contributions and Limits of Operation

The operation that has just been summarily described is innovative in several ways.

For the first time, the government has made available to an independent user the econometric tools that were previously reserved for it alone. In this way, the government created the conditions for the establishment of a private supply of medium-term predictions that will be competitive with foreign achievements and that respond to the needs of French businesses. This decision marks the government's commitment to promote a pluralistic, prospective reflection which constitutes one of the essential conclusions of the Lenoir report for which "pluralism is a condition of scientific progress as well as of social dialog."

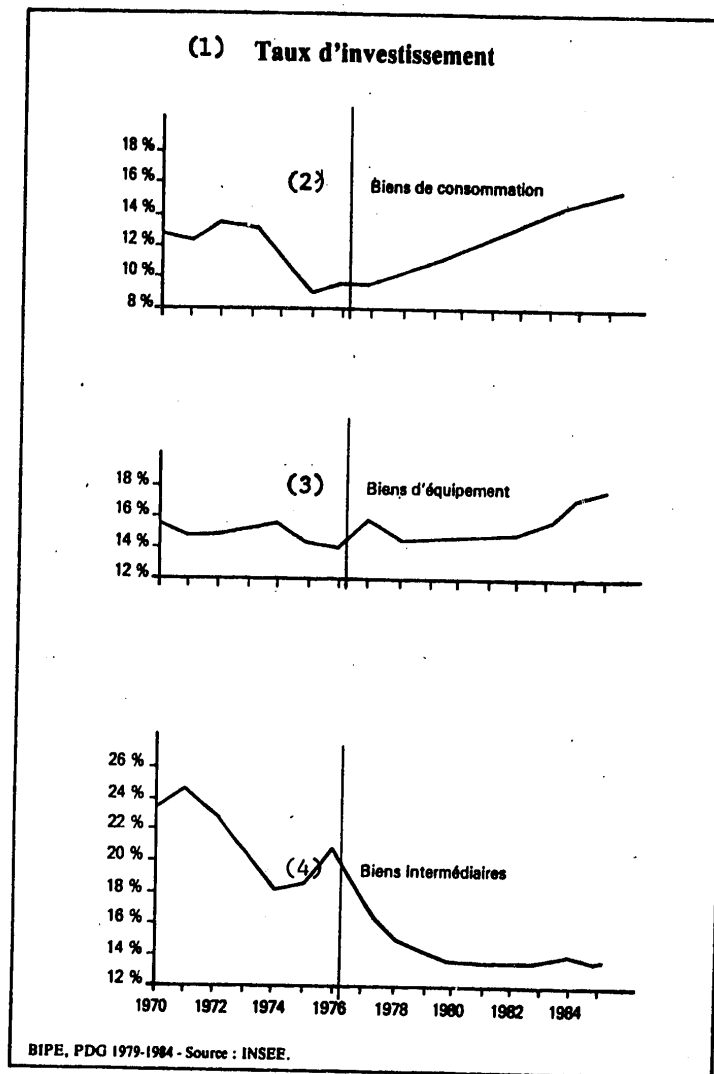
Innovative because of its independent status and the econometric tools it has available, the PGD operation is also innovative with respect to the methods that combine and confront the deductive approaches of the models and the analysis of sectorial experts, nourished by constant contact with industrialists. A comparison of the macroeconomic results from Level 1 and the sectorial results of Level 2 enables one to make progress along the path of knowledge of intersectorial dynamics. The comparison of sectorial levels and detailed levels by product is rich in information that reveals the effects of synergy resulting from data from models and that supplied by on-the-spot observation. By simultaneously mastering the framework of macroeconomic hypotheses and the specific conditions of the activity they observe, the sectorial experts play a key role in the setup, both by the bringing together and the interpretation of information coming from the world of industry and by respect for the intersectorial coherency by which they are bound.

This combination of approaches and the repetition it permits should considerably improve the reliability of work.

But beyond its contribution to greater knowledge of economic mechanisms, by shedding more light on medium-term prospects, this operation should

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Key:

1. Investment Rates
2. Consumer goods
3. Durable goods
4. Intermediate goods

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reduce the psychological effects of the circumstantial situation on those making decisions. Since the operation helps determine probabilities, one may think that it will also limit the inhibiting effects of an uncertainty that cannot be accepted. The primary benefit of the exercise just completed is that it brings the uncertainty to light and stimulates constructive work aimed at gradually reducing it. Consequently, one must not forget that the current exercise only constitutes a first phase and that even now, the work of the second forecasting operation for 1980-1985 has begun. Its continuation will give this operation of sliding predictions the full scope of its meaning.

Naturally, an attempt at this type of forecasting cannot take the place of or have the effects of indicative programming which, by using coherent procedures to set objectives, the means to attain them and even make certain fundamental decisions linked to the objectives, alone can play a guiding role. But the rational, "objective" research of scenarios that are based, as far as contingent data are concerned, on explicit hypotheses can already result in progress leading to a better mastery of the risky situation in which we now find ourselves.

FOOTNOTES

1. See "Detailed Projections for Preparation of the Seventh Plan," a joint INSEE-BIPE publication, August 1974.
2. The characteristics of the first version of this model were the subject of two publications: "DMS: A Model of Medium-Range Forecasting," by D. Fouquet, H. Guillaume, J.-M. Charpin, P.-A. Huet and D. Vallet. *ECONOMIE ET STATISTIQUE*, No 79, July 1976; and "DMS: A Multi-Sectorial Model," by D. Fouquet et al. Collections of INSEE, C64-65.
3. These needs were particularly expressed at the seminar "Economic and Statistical Information for Business," organized by the French Association of Business Economists (AFEDE) and the ENSAE [National School for Statistics Applied to Economics]. The minutes of the debate were published in *ECONOMIE ET STATISTIQUE*, No 104, October 1978.
4. See in particular: *COURRIER DES STATISTIQUES*, No 8, October 1978.
5. For a more thorough description of the methods and problems of consistency between the three levels, one may refer to Jean Cheval's article "Update on the Systematic Forecasting of the Business Environment: Detailed Sliding Predictions," in *LA REVUE D'ANALYSE FINANCIERE*, December 1979.
6. See the previously mentioned publications. They concern the first version of the DMS model, whose new version obviously preserves economic logic.

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7. A summary description of the principal mechanisms of the model is given in an article by P. Teillet: "A New Model of Medium-Term Projection: Propage," COURRIER DES STATISTIQUES, No 9, January 1979.
8. This committee is made up of representatives of the users (business economists and planners) and persons chosen because of their expertise. It is headed by Claude Gruson, inspector general of finance, president of the BIPE.
9. Other scenarios were anticipated by the BIPE on the basis of different international environment hypotheses and a more marked inflexion of behavior observed in the course of the recent period. Within the framework of this first operation, they were developed only as far as Level 1. They led to predictions that did not show a sufficient contrast with the reference scenario so that the study of their implications at the detailed level would be meaningful. The second operation (180-1985 prediction) now underway should make it possible to carry the study of variations further and thereby obtain a better fix on the future.
10. Given the current state of progress, the detailed indicators exclusively concern branches producing material goods, excluding energy. In a later phase and in a gradual fashion, an extension of work to indicators on the sectors of energy and the tertiary area is anticipated.

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

NEW PUBLICATIONS ON MACROECONOMIC, POPULATION PROJECTIONS

Paris FUTURIBLES in French Dec 79 p 44

[Excerpt] Economic projections are also the business of INSEE [National Institute of Statistics and Economic Studies]. Prospects for 1985: important reflections on the near future; the first macroeconomic explorations for France in 1985; the effects of more expensive oil; assets between now and the year 2000; what the future holds for the growing population of the rural world.

A special issue of ECONOMIE ET STATISTIQUE, No 115, October 1979, 92 pages, 18 francs.

Total population projections for 1975-2020; projections made based on two possible birth rates: 2.1 and 1.8 children per woman.

The COLLECTIONS DE L'INSEE, Series D, DEMOGRAPHIE ET EMPLOI, No 63, 80 pages, 25 francs.

On Sale: for Paris, Observatoire Economique de Paris, Tour Gamma A, 195 Rue de Bercy, 75582, Paris Cedex 12; for the provinces, in the Observatoires Economiques Regionaux of INSEE.

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COUNTRY SECTION

FRANCE

NATION SEEN UNREADY FOR ATOMIC WAR

Paris PARIS MATCH in French 18 Jan 80 pp 60-61

[Article by Michel Gonod: "No Shelters for the French"]

[Text] At the Ministry of the Interior, in December 1979, six people are meeting in an office. There are four functionaries and two military men. On the agenda is the information campaign for protection against radioactive fallout in case of nuclear war. At the time of this meeting, Russian tanks have not yet invaded Kabul; Valery Giscard d'Estaing has not said, as he offered his best wishes to the French people, that "the danger of war exists"; and Pope John-Paul II has not stunned the christian world by describing how, in "a city hit by a nuclear explosion, the destruction of all services and the terror would prevent any possibility of assistance and would create a nightmare situation." None of this is known or said as yet. The Ministry of the Interior is simply holding a routine meeting at an intermediate level. Representatives of civil defense, of the department of the interior, and of the general secretariat of national defense are in attendance. They have met to find out whether or not public opinion is to be prepared for full-fledged civil defense in case of nuclear attack. They are examining a little 10-page brochure with this title: "How to Protect Against Radioactive Fallout in Case of Nuclear Aggression." The following statement is stamped over it, in red: "Document to Be Kept in Each Dwelling."

The reader alternately shudders and smiles when reading this little publication, only a few copies of which have been printed: it would be difficult to find a more effete style to suggest nuclear apocalypse. After presenting causes, that is, the hypothetical case where the French people may be threatened by nuclear fallout even if our country did not participate in the conflict which caused it, the anonymous writer explains the danger: "When the fireball produced by the explosion reaches the ground, large amounts of materials are torn away and pulverized into fine dust which becomes radioactive. This dust drifts overhead with the air currents and slowly falls back to earth, in the form of a cigar-shaped mass, and over distances which may be as great as several hundred kilometers. This fallout may last up to 24 hours after the explosion, but

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the radioactivity of the dust diminishes rapidly and after two weeks, all danger has disappeared." The author then describes "radiation sickness", insisting on the fact that it is not contagious and that therefore there is no risk involved in assisting those who are stricken. The main point is then broached: how to protect oneself? The answer is either to flee contaminated areas (this solution is discarded without explanation), or by taking shelter. Where? This is the crux of the matter: in private or public cellars, in underground garages, in mineshafts, in abandoned tunnels, or at certain locations inside apartment buildings. This is followed by sketches and architectural plans which reveal, notably, that in high-rise buildings, upper-story stairwells offer ideal protection. But how does one live for 15 days in a cellar or a stairwell? Pages 6, 7, 8, and 9 of the brochure attempt to provide elements of an answer, by offering advice which is based more on common sense than scientific study. Drawings illustrate a list of items to be stocked up. There are furnishings (bed, stool, table, and so on); tools (from a hatchet to a sewing kit and even a whistle); household items; heating and light; and personal items (shaving brush, comb, toilet, and so on). The last two chapters deal with entertainment (remember to take playing cards, books, dominoes, or knitting). There is a surprising list of essential items: an alarm-clock, a radio with spare batteries, a bucket-pump (?), an extinguisher, a calendar, liquid bleach and bleaching powder, newspapers, and a roadmap to "follow the path of the fallout." Do not try to understand how, in a country presumed to be laid waste by a nuclear attack, newspapers might find their way to shelters: no explanation is given. Similarly, we are not told how to survive in a cellar where all air vents have been sealed. The conclusion attempts to be reassuring: "Of course, it is to be hoped that this compendium will never be needed; in all probability it will not. But like the other countries, France must prepare itself against all events and this manual was prepared for that purpose."

This is what civil defense would like to make known to the French. The brochure in question, still in the prototype stage, should now have a printing of approximately 20 million copies, as many as the number of French households. Will this be done? No, because this planned information campaign, which also includes an audiovisual program based on a Swiss film, has been rejected by Christian Bonnet. The reason is that panic must not be spread among the population. At a time when any soldier or any scientist will tell you that France can become a molten mass in 10 minutes, the government does not dare explain to the French people how they should go about preparing atomic shelters. It is burying its head in the sand. The French people are still being treated as nonentities incapable of grasping the meaning of such a campaign. And yet, since 1978, the state has been preparing an inventory of potential shelters. This survey began in the Indre-et-Loire region. In 1979, the project was continued in six departements, and in 1980 it will be extended to about 20 others. But this is being done without the knowledge of the French people, because the survey is being done with the help of tax records. On the forms which are used to determine certain local taxes,

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(form No R, No H 1, and No H 2), the composition and characteristics of the buildings are specifically indicated. Based on this, it is possible to determine the anti-fallout possibilities of a building and the number of people that it can accommodate. But do you know how many employees are working full-time on this survey? Three. In 1980, there is a plan to recruit a task-force among retired people, in order to supplement this trio. There are provisions in the 1980 budget of the general secretariat of national defense: these amount to 5 million francs, which is the cost of the villa which Mr Bongo, president of Gabon, has just built for himself in Beverley Hills. It is what an Arab ruler leaves in tips every month to the croupiers in Nice casinos. It is laughable. Maurice Druon said as much, in his resonant voice, on the floor of the National Assembly last 7 December. He asserted that "it is urgent that the French population be prepared for seeking shelter, that it be instructed in the organization of assistance, and that it be trained in all the steps which comprise civil defense." Raymond Marcellin also feels that in this area, "France is among the last." The former minister of the interior spelled out our deficiencies: "No shelters, nor any plans for evacuating the population; two first-aid units instead of the 14 called for; and a mediocre and inadequate alert network." Finally, he feels that "no one any longer seriously defends the position according to which protection of the population reduces the credibility of the strike capability." This argument is in fact one that has often been heard in official circles to justify our unpreparedness. The explanation alleges that to organize population protection would be contrary to the deterrent policy pursued by France. What does this mean? That since our nuclear capability has the object of deterring the enemy from attacking us for fear of suffering considerable devastation, if we organize civil protection, then we do not ourselves believe in this deterrent. In other words, in this line of reasoning, the civilian population would be hostage to the enemy and would serve as the guarantee to the intentions of its leaders. This may have been true until a few years ago, but what is this theory worth since the advent of a tactical nuclear force? A portion of the country could be covered by nuclear clouds without the existence of a world conflict nor the use of strategic nuclear arms. As for the proliferation of atomic weapons, it makes 20-year old theories obsolete. As far back as 1972, Chou en Lai had already told Maurice Schumann, who was minister of foreign affairs at the time: "We will believe in your deterrent power when you dig shelters."

Until that time, only neutral countries such as Switzerland or Sweden were pursuing effective civil defense policies. Henceforth, the member nations of the atomic club will be revising their calculations. In 1978, the American administration decided to set up a defense program whose estimated cost amounts to the colossal sum of 2 billion dollars. This plan should guarantee the survival of 150 million Americans. The Pentagon's plan provides for both evacuation of those populations which are the most exposed as a result of proximity to military sites, and for the construction of atomic shelters. In Missouri, for example, where 150 Minutemen

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rocket silos are located, it is estimated that half the population would perish in case of nuclear attack, or over 2 million people. With shelters, the holocaust could be reduced by half. (On this subject, what is the knowledge of the population of the Albion plateau, where the 18 silos of our nuclear rockets are installed?). In the East, the Warsaw Pact countries long ago began to intensify their civil defense. In the USSR, it is said that 15,000 shelters are already built, and that they are reserved for the country's elite, that is, for the notables and for the political, regional, and national leaders.

#### The Government Itself Does not Dare Tell Them the Truth

To the extent that there is access to Soviet statistics, it is estimated that the number of people who can be sheltered is 20 million, or 10 percent of the population. The others are supposed to follow urban evacuation plans. In China, what has been accomplished is phenomenal. A whole underground life has been organized in large cities. Everything is on the scale of this country of one billion inhabitants. Kilometers of underground networks have been organized, with hospitals, dining halls, and dormitories. The Chinese are so proud of this that tourists are brought to visit, just as they see the Forbidden City or the Great Wall. In a few minutes, Peking can be emptied of its population, which has been trained by frequent drills to survive 50 meters underground. Shelter exits are placed several kilometers away from cities, where the inhabitants can emerge far away from the devastation and the radioactivity, as well as ready to fight if necessary, of course. Such shelters have been constructed even in rural areas.

And as for us, what do we have? Nothing, save a simulated siren alert every two months, on the first Thursday at noon, which has the clear and present virtue of re-setting a few clocks correctly. But what would happen if by some misfortune the sirens began to howl tomorrow, tonight, or next Sunday at 8:30 P.M. while 90 percent of TV viewers are watching their Sunday movie? Probably nothing. People in their homes would not be in the least concerned and would remark that the sirens are out of order. For lack of information, for lack of a minimum of education, French people would soon give way to panic when learning from television or radio about the danger threatening them. There is in fact an alert system, also belonging to the civil defense of Christian Gerondeau, known as Mr Security Belt. It is connected to the radar detection system which protects the territory and scans the sky day and night. Contrary to general belief, the sirens are not automatically activated. They are remote controlled from instant alert broadcasting centers located in 42 prefectures and subordinated to the Taverny operational CP. Technically, this system is under Post and Telecommunication administration. It covers the whole territory, except for the West. Here again, resources are laughable. Only 12 people work full-time in the alert department, while 500 Air Force reserves participate by taking 3 days training every year. Finally, 1000 civilian volunteers and 3000 fire brigade members are part

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of this organization which remains unknown to the population. As for shelters, nothing has been planned since the ministry of the interior has decided to still maintain secrecy about what is being prepared. Only the chief of state, the members of the government, and the general staff of our armed forces know where to find refuge in case of atomic alert.

There is a shelter under the Elysee, a bunker called Jupiter, from which the President can direct military operations. There is a shelter on Rue Saint-Dominique, below the ministry of defense. There is the Lyon-Mont-Verdun CP, and especially the Taverny CP where the chief of state and several ministers can find shelter in a small, windowless facility which has been carved out of the rock. Here, everything down to the last detail has been arranged for underground survival. For example, in the china cabinet, some thoughtful hand has even put snail forks... But this is not what Maurice Druon was thinking of when he stated, a month ago, before the deputies:

"The worst is never sure to come, but it is still by preparing for it that we find the best chances of avoiding it."

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COUNTRY SECTION

FRANCE

SOCIALISTS' DEFENSE VIEWS COMMENTED UPON

Paris L'EXPRESS in French 5 Jan 80 pp 46-48

[Article by Jean-Francois Revel: "Socialists and Defense"]

[Text] Those who heard Charles Hernu, the Socialist Party leader responsible for defense issues, answering Ivan Leval's questions on Europe 1 on 13 December 1979, got quite a few shocks in a very short time. The subject, naturally, was NATO's nuclear force modernization.

[Hernu] Soviet conventional forces may be incontestably superior, but its nuclear superiority is questionable...The decision just taken does not mean balance, but a new escalation of terror to weigh on the future of SALT III.

[Leval] You are not far from Yves Moreau's remarks in HUMANITE this morning, --or from the TASS communique.

[Hernu] I do not know what Yves Moreau is saying, but I would be surprised if our positions differed much, since in the defunct Common Program of the left, our positions on this were brought into agreement.

Range Under 160 Km

First of all, no one, absolutely no one disputes the Soviet superiority in theater nuclear forces within Europe. Even the Italian communists and the Dutch socialists, opposed to the modernization, debate only the degree of this superiority, not its existence. The USSR has missiles capable of reaching Western Europe; the latter has only tactical nuclear weapons, dating from the fifties and sixties, whose range is under 160 km. The calculus of the USSR is beautifully simple: having modernized its European theater nuclear arsenal in the seventies, it is trying to prevent Western Europe from doing as much. This is understandable; but it is less clear why a socialist spokesman supports the effort. In general, to proclaim an identity of past views on the subject with the PCF, though in fact this was never completed. During the summer of the break-up of the Union of the Left, in 1977, we recall, the nuclear question divided Francois Mitterrand and Georges Marchais. Mitterrand seemed persuaded that the communist switch in favor of the

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"striking force" and French "independence" gave promise of action intended to force the withdrawal of France from the Atlantic Alliance, in accordance with the desires and interests of the Soviet Union.

Escalation of Terror

Mitterrand's prudence was all the more remarkable because the myth of "Euro-communism" was in full ascendancy. Today, the PCF has come back to a "Euro-sovietism" of a frankness forgotten since the early 1950's. And it is at this time that the socialist expert on defense questions chooses to express his agreement with the PCF on Western European security.

Naturally, the PS does not seem to have unanimously embraced Charles Hernu's astonishing position at first sight. If one was hardly astonished to see Ceres, through the voices of Chevenement and Sarre, line up with usual speed behind the PCF line, one also heard, by contrast, Gaston Defferre, Lionel Jospin, Georges Fillioud, and Pierre Beregovoy recalling some truths: "the escalation of terror" violated the European and perhaps even the Soviet-American nuclear balance in favor of the USSR. Soviet missiles pointed at Western Europe exist. Those of the West will not be in existence for at least another 3 or 4 years. To claim that these rockets could complicate SALT III, whereas the SALT III negotiations, starting in 1981, will be aimed at regulating their numbers, is to renounce one's negotiating trumps. Why should the PS follow the PCF blindly just at the moment when the PCF supports Soviet imperialism with a servility approaching mimicry?

One could not fail to be angered by the false notes in the communist press. HUMANITE stigmatized the "pro-Washington alinement" of the guilty, and congratulated the "good" socialists Hernu, Chevenement, and Sarre. At latest report, the differences within the PS seemed to be on the way to being resolved, but, alas! rather in favor of the ideas of Charles Hernu, which, it is true, have become nuanced following the shock of Afghanistan. While refusing to associate itself with the PCF's anti-Alliance demonstrations, Francois Mitterrand stated, from the rostrum of the National Assembly on 20 December, that his party "has always been careful to avoid giving the Soviet Union the feeling of being besieged."

The USSR has always claimed convincingly that it suffers from an "encirclement complex;" which enables it to keep enlarging the circle in which it feels itself encircled. Now that it has invaded Afghanistan, it is very logically going to feel itself "encircled" by that country's neighbors, Pakistan, China, Iran; even India, not too far from now, will be unable to maintain its defense forces at the present level without contributing to the anxiety of the Soviets. That this old propaganda ploy still flies is amazing. Hernu falls into the trap by proposing to weaken still further our position, in order to discourage the enemy from using force. This is somewhat like the Marx Brothers film where Chico, seeing his life threatened by armed aggressors, points the barrel of a pistol at his temple and shouts to them: "If you take one more step, I pull the trigger!"

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Attempt at Seduction

As for the SALT negotiations, one should be consistent. Not so long ago the Americans were reproached in SALT II for abandoning Europe and making a sanctuary of its own territory! Let us not now reproach them with the opposite, that is, with "re-linking" their security to our own. This point was made in LE MONDE of 22 December 1979 by Pierre Hassner, one of the best French experts in the matter. Besides, it is not the Americans--after all, they can do without it--but the Germans, as Europeans exposed on the frontline, who took the initiative of demanding the modernization of NATO forces.

All France has witnessed the virulent campaign by the PCF for Soviet positions, in the debate over modernization of NATO's nuclear arms. This campaign has tended to put pressure on the French Government to oppose the modernization. This was absurd, since it was equivalent to asking it to act as a member of NATO's integrated organization--something the communists traditionally condemn. It also tried to patch things up with the socialist on this goal. O, miracle! Union from the top, repudiated 2 years ago by the PCF in favor of union at the base--which is to say, no union at all--became overnight desirable. The socialists, whose supposed shift to the right and imagined collusion with Giscard or Chirac justified excommunication, suddenly became an object of urgent attentions.

This sudden attempt by communists to seduce social-democrats did not take place in France alone. This campaign was ordered and coordinated in Moscow, designed to lead the social-democrats throughout Europe to oppose the modernization. The Socialist International is divided on the question. Within each socialist party, a number of elements are convinced--and always will be--of the USSR's peaceful intentions, therefore of the noxiousness of installing protective rockets on European soil. And at least many are undecided.

How could it be otherwise? A mixed bag of completely respectable pacifistic ideals, chronic hostility to the United States, and unfathomable bits and pieces of strategic information, bring a number of socialists to wish for a sort of unilateral nuclear neutralization of Western Europe. The Italian communists shared these doubts, although going against the grain of the French communists they avoided taking a firm position against modernization for quite awhile. To convince them, the USSR had to increase the pressure. One of the principals in charge of the international section of the leadership of the Soviet party, Vadim Zagladine, went so far as to ask, sarcastically, in a statement of LA STAMPA: "when Berlinguer was expecting to become secretary of NATO." The leadership of the PCI is less anti-Alliance than many French socialists. But it always ends up falling into step when the USSR wants it. Much more delicate remains the part to be played, by the Soviet Union, in exploiting socialist divisions and leading the whole Socialist International into "the struggle for peace, disarmament, and the dissolution of blocs," which of course would mean the acknowledgement of Soviet military supremacy.



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Gromyko's Round

In the course of recent years, almost all socialist and social-democratic leaders of Europe, including even those which are not at all disposed to unity of action with the communists, such as the Spaniard Felipe Gonzalez, have accepted the Soviet invitation to come to Moscow for talks with Suslov and Ponomarev. This reached its peak with Brezhnev's meeting with a delegation of the Socialist International on 1 October 1979.

The central theme of all these contacts is always disarmament and security in Europe. It is characteristic that on the eve of the Atlantic meeting in Brussels, at the beginning of December, only one paper in Europe devoted one long article to the overall attitude of European Social-Democracy toward defense: PRAVDA. The moment was well chosen, too: in four of the countries of the Atlantic Alliance where objections were raised against nuclear modernization, socialists were found to be at the bottom of the difficulties. In Norway, the socialist leader, minister for commerce, even went to Moscow to confer with Suslov and Ponomarev. In Denmark, where the government is presided over by a social-democrat, in Belgium, in the Netherlands, deputies or even socialist ministers opposed modernization. PRAVDA stresses that "ultimately it is only the Italian Socialist Party which has clearly supported the NATO plans." The article uncovers tendencies "favorable to peace" including the German party. It finds the same tendencies in the socialist parties of the neutral countries: Sweden, Finland, Austria, as well as in the Spanish socialists. After complimenting Andrea Papaandreu's PASOK (the Greek socialist party) on its anti-Alliance steadfastness, PRAVDA indicates finally that "the French socialist party has avoided taking a clear position by arguing that the question of American missiles does not directly concern France." There is every reason to believe that the Soviet courtship of social-democrats is going to continue and grow; all the more so since the next international conference of heads of socialist parties, in Vienna 5-6 February 1980, will concern itself with security and the recent NATO decisions.

In recent years, crises have shaken NATO. The Warsaw Pact countries have not known any shake-ups since the fifties and sixties. Gromyko's recent round of talks in Europe demonstrates this change: 20 years ago, it would have been unthinkable for him to warn the countries of Western Europe against membership in or possible adhesion to the Atlantic Alliance.

The refusal of the French socialists to join completely with the communists against NATO springs less, we have seen, from a divergence of basic views than from the clumsiness of the PCF leaders. They have a way of insulting people just at the moment when asking for their cooperation. One must have taken lessons in tact from pachyderms to choose the forum of PRAVDA--as Gaston Plissonnier, PCF secretary, did--for scolding the socialists, guilty of failing to obey within 10 seconds.

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The Bidding Opened

But let us be persuaded that, even if the means have not been settled, the communists do have new propositions to make to the socialists. Marchais need do no more than change his tone for the socialists to agree to a dialog. Once more, agreement depends on the communists. In vain has France left NATO's integrated organization--it still has all the means to paralyze it. Anything which can pit West Germany against France is good for the USSR. It will be interesting to see if Mitterrand's planned trip to Moscow materializes soon. In exchange for a frank, clear, and massive socialist campaign against implementation of the decision to modernize NATO, the PCF could--who knows?--refrain from running a presidential candidate in 1981, or drop out in favor of the socialist candidate in the second round, sincerely and above all actively, for there are several ways of withdrawing, one of which is abstention from voting. All these possibilities, in any case, give the PCF the means to exercise considerable pressure. It is not certain that the PCF has definitively made the decision to let the balance tip in favor of Valery Giscard d'Estaing in the second round. The bidding remains open. Its final support will go to the highest bidder--that is, to the candidate whose defense policy is least contrary to the interests of the Soviets.

Not All Bombs Are Alike...

"Two hydrogen bombs were detonated recently in the Pacific. Their destructive effect was greater than anything the experts had predicted."

"Our children, with their skin so fresh, their eyes so clear, we have seen them pass through our dreams at night, disfigured, atrociously burned, small, deformed monsters."

"We have heard them crying in pain, we have suffered terribly, powerless to save them."

HUMANITE, 5 April 1954

"The experimental atomic explosion, of unprecedented power, just produced in the USSR has an importance that anti-Soviet propaganda will not be able to disguise."

"The success of this experiment creates better conditions for the action of peoples in favor of peace."

HUMANITE, 28 November 1955

"The announcement that the Soviet Union has the hydrogen bomb will be cheered by all who support peace. It is a piece of news to cool the ardor and dispel the illusions of those who can still dream of a new anti-Soviet crusade, whose revived aggressiveness Malenkov has denounced."

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HUMANITE, 10 August 1953

"After the American atomic experiments, new protests are raised in France."

"The emotion stirred up by the terrible consequences of the atomic experiments of the American militarists is considerable. From everywhere a united voice of reproach is raised."

HUMANITE, 1 April 1954

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COUNTRY SECTION

FRANCE

PCF'S RAPPROCHEMENT WITH MOSCOW DISCUSSED

Paris VALEURS ACTUELLES in French 14 Jan 80 p 17

[Interview with Pierre Daix, former communist leader and intellectual:  
"The USSR and Them"]

[Text] Invasion of Afghanistan, occupation of Cambodia, campaign against NATO missiles: why does the communist party advertise so strongly its support for Soviet foreign policy? VALEURS ACTUELLES has asked this question of Pierre Daix, 57 years old, himself a former communist leader and intellectual, having been editor in chief of the literary weekly of the communist party, LES LETTRES FRANCAISES until 1972. Author of a book entitled "The Crisis of the Communist Party," published in 1978, he presents his views exclusively here.

[Question] Does the public rapprochement of the PCF with Moscow involve an electoral risk?

[Answer] That is a matter of no great importance. Certainly, the PCF prefers to win votes rather than lose them. But electoral victory is not the essential consideration of its action, contrary to what the period of the common program was able to make one believe.

For 6 years the union of the left gave credit to the image of a PCF as having rejoined French political life and concerned before anything else with winning political power. Observers have thus neglected the historical dimension in which the party is located and which provides the explanation for all its behavior.

Since its creation the communist party has considered that the path of the future was set out by the October revolution, which was equally the bearer of the revolutionary aspirations of 1789 and of the Commune [of 1870]. In the perspective of this historical march, the disappointments of elections hardly count: they simply provide testimony of how far the French people are behind history.

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In this context is set the matter of solidarity with the socialist world. For the PCF it is a matter less of allegiance than of fidelity to its own identity.

[Question] Nevertheless, there has been a certain opening of distance between the PCF and the socialist world since 1975. The French communists have criticized the USSR.

[Answer] It is true that there have been some hesitations. It was necessary to give some concessions to those who, within the party, considered that de-Stalinisation had not gone quickly enough. There also was an unforeseen element: the impact, on Western opinion, of Soviet dissidents such as Solzhenitsyn and Plioutch. The party had to take them into account.

Finally, the union of the left led to misunderstandings between the PCF and Moscow. The idea of a compromise, even a tactical one, between a communist party and the socialist forces in effect is not a part of the system of logic of the Soviets. They do not conceive of sharing power.

Nevertheless, this apparent rebellion of the French Communist Party against Moscow was only a mask. On the essentials, solidarity was never denied. Having disapproved Soviet intervention in Prague, the PCF nonetheless maintained normal relations. In the conflict of China with the USSR the party has always supported the latter. It has reconciled itself with Castro, even when the latter completely supported the Soviet view on Czechoslovakia. And, recently, there have been the matters of Cambodia, the missiles, and Afghanistan.

I have noted a single conflict in which the PCF has not supported Moscow: that is, in Eritrea. But it is a matter for the party of not compromising its relations with the communist parties of the French-speaking African countries.

[Question] Then the PCF places its own electoral interest after that of the world communist movement?

[Answer] Certainly. And that involves two consequences. In the domestic field it means the blockage of French politics because of the impossibility of arranging a change of government in power. In the international field France is placed in a situation near that of "Finlandization."

Let me explain. By absorbing 20 percent of the French voting population, the PCF has the means of assuring the maintenance of the government now in office. It is that much more important that this government follow a policy which, without being pro-Soviet, is not displeasing to Moscow. The president of the republic is thus led to negotiate permanently, through his foreign policy, over the neutrality of the PCF.

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That can lead to a complacent, even a weak attitude, the latest example being the moderation of the views held by Mr Jean Francois-Poncet the other Sunday [6 January] on the Afghan affair. The USSR thus has a means of pressure on the foreign policy of France.

[Question] How do you explain the deep differences between the PCF and the Italian and Spanish communist parties?

[Answer] There are historical reasons: those two parties have known fascism and, their leaders having been in exile in the countries of the East, they also have an experienced knowledge of socialist societies. They are therefore warned against them.

There are national reasons: the crisis of the state, both in Italy as well as in Spain, obliges these communist parties to take part in national salvation.

Finally, their countries, as they do not play on the world scene a role as important as that of France, which has a right of veto in the Security Council of the UN, Moscow no doubt attaches less of a price to the fidelity of Berlinguer and of Carrillo than to that of Georges Marchais.

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COUNTRY SECTION

FRANCE

PETROLEUM DEPENDENCY, NATIONAL ENERGY POLICY (1985-1990)

Paris PARADOXES in French Sep-Oct 79 pp 31-38

/Article by Henri Aujac: "The Economy Is Still Dependent on  
Petroleum"/

/Text/ For the past several months we have been in what Thierry de Montbrial, professor at the Polytechnical School and director of the French Institute of International Relations, has defined as "the second energy crisis."\* Three features characterize this crisis: a quantitative limitation on the production of petroleum by the exporting countries; irregular and uncoordinated increases in the cost of crude oil; political troubles in the various producing countries.

Thierry de Montbrial proposes two parallel actions: "To the economic necessity of preparing to do without petroleum is added the need to diversify in order to increase the safety of supplies at stable prices."

Since 1973 the countries of the European Economic Community have, as a whole, sharply reduced the volume of their imports. This has not been the case in the United States: last year it imported 8.27 million barrels per day compared to 6.25 in 1973 (an increase of 32 percent). Moreover, the fluctuations in the decrease in the declining dollar have led the oil exporting countries to question the choice of American currency as an international standard.

\*LE MATIN DE PARIS, 16 July 1979.

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PARADOXES has asked Henri Aujac, director of the BIPE /Bureau of Economic Information and Forecasts/and coauthor, with Jacqueline de Rouville, of a monograph that has attracted much attention, "France Without Petroleum,"\*\* to analyze the significance of the oil problem for our country. After listing a certain number of conditions to be met in order for there to be a balance between consumption and resources, he shows to what extent petroleum will remain, for many years to come, a basic economic stake.

From today on our country should adopt a policy with regard to petroleum that is conservative in its objectives and active in its methods. Assuming the best, in fact, there is a strong chance that there will be an energy shortage at a world level as early as 1985-90, that is, tomorrow; in the struggle that will then be waged between the countries to supply themselves with energy, our country seems unfortunately badly placed.

The balance between energy consumption and energy resources could probably be maintained without too much problem until the years 1985-90, but only on condition that a whole series of favorable "if" circumstances were verified.

If the extraction of coal increases at a sufficient rate . . . but we know that a rapid increase would come up against great difficulties, technical as well as economic or human.

If the nuclear program does not experience too great a delay in the initial projects . . . but we know specifically that it has already experienced delay, sometimes considerable delay, in all countries.

If the other sources of new energy are exploited thoroughly . . . but we know that their contribution will necessarily be most limited. To cite one example, the figure, given by President Carter, of a 20 percent contribution by solar energy to the energy resources has in fact no quantitative significance and simply means that it seems advantageous to authorize a special effort in this area. As for wind energy, it is especially noisy. And all these new types of energy are, and will remain for many long years, prohibitively costly to produce.

If substantial economies in energy are obtained by industrial nations . . . but we know that their efforts, although they have already achieved some success, are still insufficient.

\*\*Henri Aujac and Jacqueline de Rouville, "France Without Petroleum." preface by Alfred Sauvy, Calmann Levy, 1979.



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If the United States succeeds in sharply limiting its future imports of petroleum to the amounts that are currently announced as objectives . . . but it is only too clear that they scarcely believe in them themselves.

If the USSR and the Eastern countries do not start to buy on the oil market . . . but we know that even now the USSR has asked these countries to complete their petroleum supply by becoming purchasers in the world market.

If there is not any Iranian-type crisis in the OPEC nations . . . but we know that the social and political structures of several of these nations are relatively fragile.

If the governments of the Middle Eastern countries, especially the government of Saudi Arabia, which have so far been sensitive to the interests of the West and to "friendly pressure" from America, succeed in maintaining their control over OPEC . . . but was not the main phenomenon of this year precisely that these countries seem to be losing that control?

If Saudi Arabia agrees to increase its production again; more generally, if the less populated petroleum countries choose not to continue to waste their petroleum resources by exchanging them for American dollars or any other international currency, which is after all, only paper . . . but have they not already started to be faced with this kind of problem?

If no international tensions or crises disturb the production, transportation or distribution of petroleum . . . but, in the present circumstances, who can be sure that this will happen?

If the growth of the rich countries and developing countries does not reach too high a level.

And the list of "ifs" could be added to.

Then the world supply would be assured without difficulty until the years 1985-90.

Unfortunately, only the last "if," that which concerns the relatively lagging growth of the world economy, can be foreseen as offering an almost unquestionable chance of realization; thus it would be wise to prepare for difficulties in energy supplies for the very near future.

At all events, for after the end of the next decade, the experts are all agreed: there will be problems no matter what efforts

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are undertaken\*; and no matter how successful they are, it is with petroleum that close to half the world's energy needs will be still met in 1990, and more than a third in the year 2000. At this time, discoveries of oil will begin to be less than the amount taken. To be sure, we will not yet see the bottom of the world oil barrel, but the level of that barrel will start to get lower. And we cannot reasonably expect the discovery of "new Middle Easts." Alaska, the North Sea, Mexico, the three major, recently discovered oilfields, will scarcely be sufficient to compensate for the drying up of some others.

The result of this situation is that the cost of energy, particularly the cost of petroleum, has every likelihood of increasing sharply. Because it will be a seller's market. And because, aside from nuclear energy and coal in certain regions, the substitute or complementary forms of energy will be obtained at high prices.

In such a situation, our country is relatively badly placed. If we look at the current situation, France, on the same level as Italy and Japan, lacks any natural energy resources.

It must in fact import more than 70 percent of its primary energy (52 percent for the EEC) and depends on oil producers, especially oil producers from the Middle East. We must in effect come up against the major localization of oil consumption and oil production. It should be remembered that of the annual 3 billion tons of petroleum, one-sixth is produced by Saudi Arabia, one-third by the other Mid-East producers, another third by the USA and the USSR, and the last sixth by other countries. It seems clear, then, that a major portion of the French oil supply rests, and will rest for the coming decades, on our relations with the Arab nations of the Middle East; and these countries are the stake in a fierce rivalry between the USA and the USSR, and in this region our means of intervention are singularly limited.

At all events, this oil that is so necessary to us--it must cover more than 40 percent of our supply in 1990--will have to be paid for. The easiest way would probably be to succeed in selling to the producers an amount equivalent to the amount of oil that we buy from them, which would reduce the exchange to a simple barter; but only the FRG has succeeded in obtaining a favorable trade balance with the oil countries. The other method is to pay the invoice in international currency--

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\*Cf. two books that share this opinion: "French Energy Prospects." General Planning Commission. Economy and Planning Series, 1979. "Energy: World Prospects 1985-2000; Summary of the WAES /expansion unknown/ Report. MIT, 1977.

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customarily the dollar--or another strong currency, the mark or the Swiss franc. Our country will have to obtain this international currency, and to do this it will either have to borrow, but this could not last very long, or obtain a positive balance in its exchanges with countries that have this international currency; in effect, the industrialized countries. Unfortunately, the state of our trade balance with these countries is bad (see Table 1 below), and to improve it will necessitate major efforts, the effects of which would be a long way off.

Table 1  
Summary of Trade With the Most Industrialized Nations  
(1977)

	(in billion francs)	
	Imports	Exports
Intermediate goods	51.3	45.2
Equipment goods	67.5	38.2
Automobiles	18.1	27.3
Consumer goods	28.1	27.1
Total	165.0	137.8

(Mayer Report)

Contrary to the French position, the positions of the FRG and Japan allow these countries to have comfortable surpluses in their trade balance which permit them to settle their oil bills with no problem. What proportion of petroleum will our country be able to assure itself of when, with the increased prices, it will have to come up against the competition of such formidable opponents? As in any market, the rich will be served and the poor will have to be content with what they can afford to pay for. And let us now have any illusions, now and for a long time yet, we are among the poor.

It would be a good idea to prepare to confront this difficult situation. The short term problem is that of making the most rational distribution possible of the consumption of various sources of energy among the different utilizations.

The utilization often dictates the type of energy to be used, and above all, a serious uncertainty affects, for the reasons already given, the availability of petroleum. For a more long term aim, the problem is to decide now upon investments that will, in a few years' time, allow for the production of a more abundant "national" energy. And to conserve this energy, particularly petroleum, a rare energy, in the production process as well as in the utilization of products that consume energy.

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To perfect the corresponding policy, we must necessarily take into account the numerous interdependences that govern the relative changes in prices, quantities, financing of investments, household consumption, the balance of the budget, the trade balance, rates of exchange, and so on. One should also mark the factors that control the government. The policy to be defined will then consist of deciding upon the actions to be undertaken on these factors so that, taking the interdependences of all kinds into account, the overall economic situation will develop toward a situation that the public authorities consider satisfactory, or at least acceptable.

The Planning Commission for the Eighth Plan has just started its proceedings, devoted specifically to working out such a policy. But we already have the report on this given by the Commission for the Seventh Plan at the end of its 1978-79 session. It includes, for two assumptions of growth of the economy (moderate growth, 3 percent; sustained growth, 4.6 percent), the probable consumptions of various forms of energy, estimated for the years 1980 and 1985, and an outlook for the year 1990. And thus all the measures that should be taken for these growth assumptions to be achieved without a lack of energy form a bottleneck.

Other, more pessimistic, assumptions are obviously conceivable: the lack of energy will then curb growth. The situation in which Middle-East petroleum became unavailable for a long period of time, thus depriving France of half of its petroleum resources, has been analyzed in this spirit.\* At first sight, the situation would scarcely be catastrophic since this unavailability would take us back 13 years, since the energy resources would then become very much equivalent, both in their total and in the form of energy, to consumptions in 1966; and at that date France was in full expansion and the French, for the most part, were already living very comfortably.

But, and here is the surprise, since 1966 the specific consumptions of energy, production techniques and structures for industry, commerce, and agriculture, the habits of households and the state have changed in such a way that a return to the former consumption turns out to be impossible. The results of the inevitable reconversion of the French economy are quite dramatic: 3,000,000 additional unemployed; numerous companies in bankruptcy; the domestic production reduced in volume by 20 percent; investments reduced by more than 26 percent; household consumption diminished by close to 20 percent, and household fuel allocation and electricity consumption brutally

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\*Henri Aujac and Jacqueline de Rouville, "France Without Petroleum," preface by Alfred Sauvy, Calmann levy, 1979.

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reduced by half; they would from then on have only 20 liters of gasoline per month per vehicle. To return to the consumptions of only 13 years ago would upset the whole economy and, consequently, society itself.

This is the constant risk our country is running during the next decade. We can hope that the worst will not happen; it would be unwise not to prepare for it. We must, as of now, make economic policy decisions according to relatively unfavorable assumptions of change; we then might be pleasantly surprised. To base things on assumptions that are too favorable would be to expose ourselves, if things turned out differently, to shocks of great magnitude that could not be contained except at the cost of a "heart-rending change" in our habits and our society.

## France's Petroleum Supplies

More than one-third of France's consumption is taken care of by Saudi Arabia. The first column below is the gross amount of petroleum delivered by various countries; the second column indicates what share of the market this country has. The missing 3.85 percent comes from various countries, including Venezuela, Cameroon, Egypt, Congo, and Tunisia.

Country	Million Tons	Percent
Saudi Arabia	30.3	35.5
United Arab Emirates	5.8	6.8
Syria	1.4	1.6
Nigeria	6.9	8.1
Gabon	0.87	1.0
Kuwait	3.0	3.5
Iraq	15.2	17.8
Quatar	2.8	3.3
Libya	3.27	3.8
Algeria	3.3	3.8
Iran	3.5	4.1
USSR	3.3	3.85
North Sea (Great Britain and Norway)	2.6	3.0

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## World Supply of Petroleum

Given below are the productions of 13 member-nations of OPEC and of the three major exports outside OPEC: the United States not being an exporter. The first column shows the production, in thousands of tons, for the first half of 1979. The second column shows the price per barrel in December 1978, and the third column shows the price per barrel in October 1979. These prices are for excellent quality crude oil. Some countries, without admitting it openly, have already raised their prices since the month of September.

	Production	12/78 Fr.	10/79 Fr.
OPEC Nations			
Algeria	31.0	14.10	23.50
Venezuela	60.5	13.99	18.68
Nigeria	59.1	14.13	23.49
Gabon	5.25	12.59	22.00
Libya	49.2	13.90	26.27
Saudi Arabia	229.4	12.70	21.32
Qatar	12.0	13.19	21.23
Indonesia	39.7	13.55	21.12
United Arab Emirates	9.0	12.65	19.93
" " "	34.4	13.26	21.56
Kuwait	64.9	12.22	21.43
Iran	62.2	12.81	23.50
Iraq	80.1	12.88	21.25
Equator	5.3	To the highest bidder	
Non-OPEC Nations			
North Sea	8.7	14.00	23.50
USSR	287.5	13.16	21.86
Mexico	38.5	13.10	19.31

Source: PETROLEUM ECONOMIST

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COUNTRY SECTION

FRANCE

SUPER 530 INTERCEPTION MISSILE DESCRIBED

Paris AIR & COSMOS in French 22 Dec 79 p 31

[Article by Pierre Langereux: "The Super 530 High Performance Interception Missile"]

[Text] The new Matra Super 530 air to air interception missile was developed under the auspices of STET (Tactical Devices Technical Services) for the French Air Force, which projected using it on the Mirage F-1, to which it is closely associated. However, in spite of its highly advanced performance, from now on the missile is for export and two foreign countries have already ordered the Mirage F-1 Super 530 weapons system. Mass production of the Super 530 for the F-1 began in 1979 at the Salbris Matra factory in Sologne, at the rate of a few missiles per month. The production rate must be increased in the coming year to fill the French and foreign orders.

Great Maneuverability

The Matra Super 530 is an air to air interception missile with great maneuverability, designed to oppose the menace of the new long range fighters and manned bombers, capable of maneuvering at high velocities (Mach 3) and at very high altitudes (70,000 to 80,000 ft). Clearly, the Super 530 launched from a Mirage F-1 can intercept the soviet Mig 25 Foxbat fighter, even if it flies at its maximum performance!

The Super 530 is actually designed to reach a maximum velocity between Mach 4 and Mach 5, with full interception capabilities. It also has a snap-up capability of 9,000 m (altitude difference between the interceptor and its higher target). As for Super 530's effective range, it is between a few hundred meters minimum and a few tens of kilometers maximum.

A Target Field Much Larger Than That of the 530

The Super 530's target field is 2.5 times greater than the 530's, primarily because the acquisition range of the semi-active electromagnetic homing head increased (2.5 times) and the velocity went up (3 times). The snap-up capability is much larger (4 times) and the acceleration is also

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higher (50 percent) than those of the 530. Super 530's maneuverability has been studied from all aspects, even at very high altitudes. Although the Super 530 has a shorter wing span than the 530 (.64m vs 1.10m), the Super 530 has superior lift (40 to 50 percent) because of its special aerodynamic configuration. The Super 530 can maneuver at 20g transversal acceleration on each axis, up to 17,000 or 18,000m altitude; at 6g at 25,000m.

In spite of its name, the Super 530 is not a derivative of the Matra 530 air to air (conceived in 1958), of which about 2,200 models have been sold to 11 countries\* since 1964, and which continue to be produced for the Mirage 3 and Mirage F-1. Under the F-1 wing it is interchangeable with the Super 530 (two missiles per plane).

The Super 530 is, on the contrary, an entirely new missile closely integrated, moreover, with the interceptor, with which it constitutes a veritable weapons system. In particular, the Super 530's semi-active electromagnetic homing head's working mode, sensitivity, and range performances are matched with the interceptor's radar. Thus the missile and the target radar form a coherent ensemble. Thus Mirage F-1's radar allows successful snap-up shots from very much lower altitudes.

#### Successful Firings of 30 Missiles

The building of the Matra Super 530 missile (conceived in 1968) began in 1971 and the in flight test shots at CEV [In Flight Testing Center] began in 1973 with piloted and propelled mock ups. The first trials with guidance in 1974 were followed by the first high performance firing trials as early as 1975. That is when a Vautour fighter flying at Mach .7 at 10,000m successfully intercepted a target flying at Mach 1.6 at 18,000m, using a Super 530 missile. The first Super 530 fired from a Mirage F-1 was in 1976. A total of 30 Super 530 guided missiles have been successfully fired, including several at CT 20 subsonic target devices flying at low altitude, and at the supersonic "Vanneau" target devices (Beech AQM-37A with Matra modification) flying at Mach 1.4, by a Mirage F-1 flying at 12,000m.

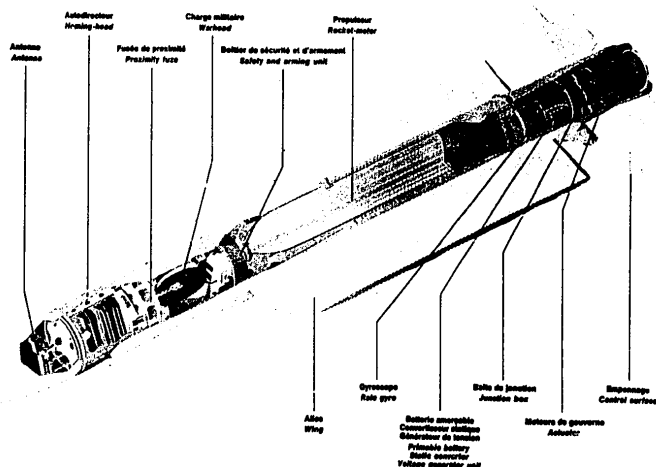
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\* France, Israel, Australia, Pakistan, South Africa, Lebanon, Spain, Libya, Brazil, Argentina, Morocco.

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The Matra Super 530 air to air missile is 3.54m long with a .26m diameter and a .90m wing spread (at the tail). The missile's large stabilization fins are 1.05m in length for .64m of spread. The Super 530 weighs 250 kg at firing, including 30 kg of fragmentation warhead (Thomson-Brandt) ignited by a radar proximity fuse (Thomson-CSF). The arming safety is built by Crouzet. The missile is equipped with a semi-active electromagnetic homing head (EMD) with impulse radar and gyro-stabilized antenna, as well as an automatic pilot (Matra) for proportional guidance and navigation. The equipment is powered by a Zn-Ag primable battery (SOGEA). The missile's composite propellant (SNEP) rocket motor is supplied by Thomson-Brandt. The rocket motor is semi-structural; it is fueled by a butalane type composite, with a total lift thrust of more than 17,000 dN at 20°C. The block's shape has been chosen so that combustion supplies a thrust curve on two levels; acceleration phase and cruising phase.

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COUNTRY SECTION

ITALY

REACTION TO GENERAL CORSINI'S POLEMICAL SPEECH ON TERRORISM

Carabinieri in Turin

Milan L'EUROPEO in Italian 13 Dec 79 pp 6-11

[Article by Giuseppe Catalano and Gianni Perrelli: "The Order To Die"]

[Text] The general is standing in the great hall of the Academy and slowly he allows the enigmatic words to fall from the platform: "Sint ut sint aut non sint."

The long lines of silver braid that crowd the hall tremble at the quotation by their commander. The general translates, "Let them be as they are, or let them not be at all." If that saying had never been spoken, it should have been coined now for the Carabinieri forces." And the silver braided officers enthusiastically applaud the phrase forged by another general, that, however, of the Jesuits, Father Lorenzo Ricci. After all, the rules for the Carabinieri were born in 1814 using as a model those of the Company of Jesus.

This speech by Gen Pietro Corsini, commander of the Carabinieri, may contain other passages destined to ignite polemics. A flat no to the "poison" of demilitarization ("if I may use the expression, for the Carabinieri that would be like making the church a lay organization"), a peremptory invitation to draft special and more severe laws ("which would protect our rear"), a pressing demand for further financial support.

And two statements by witnesses. The first by Sandro Pertini, "We are at war and you Carabinieri are in the front lines." The second, more unexpected, from Communist Giorgio Amendola: "It is up to you to carry the cross of the new resistance." A peremptory conclusion: "The state based on law must not become a state of rights."

The speech officially opened the new academic year of the Carabinieri cadet officers. In brief, it was a very hard speech. Some liked it ("hard but honest words," wrote Aldo Sandulli in CORRIERE DELLA SERA); it was praised by Christian Democrats and by Almirante, but it was harshly disapproved by

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Interior Minister Virginio Rognoni ("Corsi did not even let the minister of defense read it before making it public"). It was not approved by certain leftist political groups who immediately reacted with a touch of alarm denouncing the "undue interference" of the general "in the powers of the executive." And behind the alarm, the old polemics that have been dragging on for years were revived. We have 210,000 policemen (including Carabinieri, regular police and finance guards) for 56 million inhabitants. One officer of the law for every 250 citizens, while in France the relationship is 1 to 310, in Germany 1 to 340, in England 1 to 490. And we also hold the European record for unpunished crimes: 86 percent. And we hold the record for the least efficient specialization, for the highest average age (above 45 years), for the lowest educational background. Socialist Lagorio was to say, "We would have wanted to hear the commanding general of the Carabinieri speak also of this, not only of special laws."

But it is also true that the recent history of the Carabinieri is not only made up of this, of old and new polemics, of old and new concerns that this monolithic organization, so jealous of its own traditions, never fails to arouse. And it is the drama of a military service that fears remaining isolated among the terrorists who raise their sights "shooting into the crowd" and the increasing wave of demilitarization. The history of a silent army of 80,000 men who for several years have been living in the trenches and who every month count their fallen, the telegrams of condolences, the medals to those who fell in the service. Thirty dead in 1979, 25 in 1978, and the certainty of other crosses in the future if it is true, as the latest flyer by the Red Brigades assures, that "the only possible relationship between the revolutionary movement and the police is that of annihilation."

And this is why we went to Turin--the hottest city in this absurd frontier war where the trial of the historic leaders of the Red Brigades [RB] fills the streets with jeeps and leaflets, with metal protective screens and machineguns--to ask precisely the Carabinieri to let their voice be heard once more, to answer the shout from the rear of the Lamarmora barracks by RB member Paolo Maurizio Ferrari, "War will decide."

THE TRIAL--The RB challenge in the industrial capital becomes a daily rhythm. The guards at the Lamarmora barracks where the trial against the RB leaders is being held, instinctively raise their weapons against passers-by. An inhabitant of the neighborhood says, "We are at the front; it seems as though we've gone back 40 years. What a disgusting Italy we have built after the war." But among the forces of order there are also those who take the sensationalism out of the situation. A Neapolitan Carabinieri sergeant: "We should be grateful to the members of the RB. They make us get up early; breathe the good morning air; be always busy." A policeman only complains about the weight of his helmet. "Twelve kilograms. It may be for safety's sake, but it is also a penance." Fear? "Fear? No. They're cowards. They never attack us frontally when there are many of us. Unless this time they come from the sky..." The Carabinieri who hears him from inside the hall immediately closes the shutters with a sigh: "You never know..."

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There is the adversary's habit of surprise, and absolute obedience of orders: "They always try to trap us by some provocation..." The family members of the RB ask for a short talk with the prisoners. Two Carabinieri act as messengers. Nothing doing. The district attorney opposes it. The mother of a terrorist improvises a philippic: "Rebel! Don't you see that they are sending you to be massacred? You too, are children of the people. When something happens to you, I suffer as though it happens to a child of mine." The two Carabinieri remain silent, impassive. Only the youngest lets slip an angry gesture. "That's what they always say, but they don't give a damn about us."

THE GOVERNMENT--There are many reasons for frustration. But it is not easy to bring them to light. The Carabinieri rules are inflexible. Those who complain about them are fired. Thus in public almost no one complains. At most they justify the situation, "I have a family, you know." And even those who cannot stand it any more and unburden themselves, demand guarantees of anonymity like this young Carabinieri who told us, "We are angry because we live like beasts and no one helps us. We can't even complain because we risk losing our jobs. At least the members of the police force have some rights. We hope we will benefit a little, too. But today the government treats us like cannon fodder. They send us into action without any protection..."

"There are more than 80,000 of us, but only 15,000 fight terrorism. Our present force would be enough to wipe out the RB. The political will is lacking. Our superiors always repeat the same sermons. The regulations are still those of 1814. We are used to keeping calm. But it is increasingly more difficult for the young ones. Now every day we risk our lives for a piece of bread--with the certainty that our sacrifices are useless until our politicians change their minds."

ANGER--It is a cold anger that makes one sad in moments of tragedy. A Carabinieri dies far away, in another city, and the young man on guard cannot hold his tears: "Bastards. This time too, it was by surprise." Tears of impotence but not of resignation. After the second RB attack on Lamarmora barracks, the reaction was violent even though useless. Machine-guns were fired hysterically: The projectiles bored into the buildings across the street causing panic among the tenants. The techniques of training are brought into line with the escalation of terrorism, but the supermen are all in special units run by Gen Dalla Chiesa. The troops, however, are ready for anything. "We are soldiers; war is our business." This is the order that the superiors want circulated. It appeals to the pride of the corps, to the suggestion of ancient ideals. It is a psychological stimulant that grows out of a methodical, daily indoctrination. "They will pay for it." The slogan translates an exasperated feeling, that is understandable on the level of the guards. An old Carabinieri says, "It is dangerous to send the young men to the front. They are quicker, but their anger is also uncontrollable. In this state of tension, it is preferable to have the

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clear thinking of the older persons. It is true we are at war, but it is a subtle war that should be fought wisely, not impulsively. Where an attack will come from cannot be foreseen. But we cannot shoot at shadows."

THE WORK--Clear headedness is veiled by stress. A Carabinieri in an escort unit tells about his day. The alarm almost always goes off at 0500. Every day there is a prisoner to escort. We get up long before him. When the alarm goes off, we must already be at the jail, ready to pick him up. For questions of practicality, we travel only with a small bag. Toothbrush and toothpaste. We are exposed to any kind of ambush, like those colleagues who were killed at the Catania railway signal hut. The escort is for the prisoner, not for us. Our life is worth less."

Tours of duty are unbearable--up to 15 hours per day. "It should be 7 hours, but who checks it? And then none of us holds back. We enlisted because we believed we were serving an ideal of justice. Amid so much ruin, our work is one of the few things that are still valid in this country."

A sick leave or a short annual leave automatically cancels out the weekend rest. "We work under prohibitive conditions. We fast from morning to night. We are insulted by terrorists at the bar. Why don't I change? And what could I do at my age? This is still a clean, respectable and fairly well-paid job. Who would pay me half a million lire per month? Certainly, if I were 20 years old I would not enlist."

FEAR--There is no psychosis, nor desire to escape. But fear is in the eyes of everyone, especially the young men. "Only those without a conscience are indifferent to danger. However, this is our job. We knew we would not be sitting behind a desk. Today, it is true, death is more frequent. Even in a bar. But people die in automobiles, or in a factory. After all, it is useless to philosophize. The alternative is unemployment. But today Italy is a mess everywhere. When a comrade dies there is always a desire to leave. Fortunately it does not last long."

THE CHALLENGE--Anger at times spills over into boastfulness. A young Carabinieri launches threats. "Fear of those clowns? If I were to meet Curcio face to face, I would really like to see who comes out of it alive... They only know how to move in the shadows. Why don't they fight us face to face? If they have any guts let them come forward. The truth is that their courage is exhausted in words."

THE ROUTINE--The awareness of danger upsets the habits and dramatically even affects free time. An old sergeant says, "When I leave the house I look around five or six times. At the bar, I no longer turn my back to the door. At the age of 52 I've gone back to doing my exercises every morning. It won't help anything, but if I have to fall in an ambush, I don't want to be unprepared. At one time we were proud, after a successful mission, to see our pictures in the newspapers. Today we ask that not even our names be printed. Our families prefer it that way."

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THE IDEALS--"They can massacre us with lead, but they can't kill our ideals." The officer of the Cernaia cadet school (1,500 Carabinieri are trained every 2 months) emphatically underscores the spirit of the corps. "Only four or five recruits out of 200 asked for a transfer to the infantry when the Carabinieri of Genoa died. There is no problem of enlistment."

A cadet Carabiniere, a student of medicine, explains: "I enlisted because I need to believe in something serious. I am not afraid of danger. It is in the air, everywhere, in this shitty Italy. And then I am tired of the attacks. If I were to see someone killed, or a bank robbed, I would not stand still. Not even as a civilian."

These are the tales of that "other" Italy, of a country in the front lines of a war without rules and without a face. Thousands of men in uniform fight against the absurd fate that awaits them at the corner of a signal box, in the doorway of a house, or at a bar. An old Carabiniere says, "They bury us twice, the first time under lead, the second under the indifference of the people. And only death restores our name; a memory." There is a time to speak of the wars between generals, of police reform, of the RB leaflets, but there is also a time to testify about this nation within a nation that, without sensationalism, lives through its appointments with the unknown. A cadet who is not yet 20 years old says, "Because we cannot spend the entire day thinking about someone who is shining a bullet with our name on it."

PCI Comments

Rome RINASCITA in Italian 7 Dec 79 p 6

[Article by Aldo D'Alessio: "Decisions Cannot Be Made with Emotional Outbursts"]

[Text] General Corsini's speech certainly cannot be dismissed in silence. But more striking than the speech itself is the shameless exploitation of it by some men of the DC [Christian Democratic Party] and of the PSDI [Italian Social Democratic Party] who, because of partisan political calculation, stir up opposition and dissent. There are at least three keys to reading the statements made by the commander of the Carabinieri: The emotional outburst, criticism of reforms, disassociation from the policy of security followed by the government. This is not negligible. Despite the emergency situation we are obliged to live through, the exceptional nature of the test the state institutions are being subjected to, the deplorable and alarming lack of leadership by the government, and equally, the method, the source and the content of the positions enunciated by General Corsini cannot be accepted.

However, it would be a serious error if now the government, parliament, and political forces, faced by this event, which is certainly serious and unusual, were to react either on a merely formal plane or with improvisations. The speech by Commander Corsini is the sign now sensationally brought to

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light, of a crack, of a laceration, inflicted upon the confidence and discipline among public institutions and the structure of the state. It means that in the course of these months (and perhaps a few years) there has been an accumulation of very delicate problems connected to the implementation of reform initiatives which affect everyone: Government, parliament, administration of the state, members of the police services and which instead have received neither the due consideration nor the necessary answers. Certainly this does not attenuate the significance of the "sortie" made by General Corsini who, rather, legitimately exercising the prerogatives conferred upon him by his high job, should have brought his thinking into the open long before last 29 November and in the right place.

However, emotional outbursts are useless and rather, on some high levels, they appear intolerable both because they push solutions further away, and because they cause ill feeling and nervousness. In recent times there certainly has been no lack of "provocations"; nor can it be denied that instead of specific and functional answers, democratically developed, to real and urgent problems of modernization, of reinforcement, of change, we have often had generic and general formulas, with strokes of "demilitarization" and of "civilization"; and it was also seen clearly that behind the "guaranteeism" at times there has been an attempt to slip in something that was anything but concern for the citizens' rights. But a serious error is made by those who, in order to pose problems such as the sacrosanct defense of the men (policemen, magistrates and trade union leaders) employed in the struggle against terrorism--or rather, to confirm the urgency of a policy of support and adequacy of police forces, or finally to demand the functioning of the judiciary and penal system--do not find anything better than to take issue with the "guaranteeism" and "police reform," with the new "penal trial," etc.

It is necessary to speak, not of formulas, but of substance. For example, we are the first to recognize that the a priori application of the notion of "civilization" can induce a simplified and distorted view of the problems. But it should be noted that no one (I speak of parties, parliamentary committees), has posed the problem of demilitarizing or unionizing the Carabinieri and that vice versa, as the commander of the Carabinieri knows, the problem being discussed is that of the functionality of the cooperation and coordination of the different police forces. Is the solution proposed by the government unsatisfactory? That may be; it is not by chance that the positions of parliamentary groups in the past legislature were different, even sharply so, on this point from the position taken by the interior minister. Very well, it should be discussed; let the chiefs of the various police forces be heard; but a solution should be found that would ensure the creation of an effective instrument for the defense of the institutions.

This should be done without anyone trying to win out over anyone, or inconceivable alterations of relations existing among such delicate organs of the state.

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COUNTRY SECTION

ITALY

DC FACTIONAL DIFFERENCES IN NUORO PROVINCIAL GOVERNMENT

Milan CORRIERE DELLA SERA in Italian 5 Jan 80 p 9

[Article: "Two DC Secretaries Elected at Nuoro"]

[Text] Nuoro. On one side are the followers of Zaccagnini: On the other are the Fanfani followers and the New Force followers who in this circumstance are allies. The Nuoro Christian Democratic Party at one time was an uncontested feudal domain of Donat Cattin and is now torn apart by internal strife. Within it there is a no-holds-barred fight since neither of the factions wants to give up control of the party in the province.

And the result is that now there are two secretaries. Each is convinced he is the real head of the DC in Nuoro province. The affair began officially when the members of New Force (headed by Ariuccio Carta, ex-undersecretary, and by Regional Councillors, Mura and Gianoglio, vice president of the regional DC group) and the Fanfani followers (whose leader is Defense Undersecretary Del Rio) presented a no-confidence motion against Party Provincial Secretary Matteo Marteddu. This was expressed by the Zaccagnini area (which has the most outstanding men in ex-Regional Council member Roich, in Regional Public Works Councillor Floris and in ex-Regional Party Secretary Murgia).

The forces present in the provincial committee are the same: Of the 30 representatives elected 15 are on one side and the remained on the other. Even the votes of the two members by law, the youth and women's delegates, cancel each other out. Since it was impossible to get the prescribed absolute majority, the motion was rejected amid intense polemics. The opportunity to break the stalemate however came when ex-Regional co-Secretary Burrai resigned from the executive in disappointment because he was not elected to the Regional Council. At this point it is open warfare.

While Zaccagnini's followers deserted the meeting of the provincial committee, New Force and Fanfani followers proceeded to the replacement of the councillor who had resigned. They approved the no-confidence motion against the secretary and they elected a new one, Franco Mulas, ex-mayor of the city. All this occurred in the presence of Salvini, sent by the National Committee for Statutory Guarantees.

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Zaccagnini friends immediately cried scandal and waved a telegram by National Assistant Secretary Remo Gaspari who postponed the meeting of the Provincial Committee since the delicate Nuoro situation was to be the subject of careful study by party's national secretary. For this reason Roich and his friends speak about a palace plot, describe the Rome envoy as "a fledgling proconsul" and see no effectiveness either in the replacement of the person who resigned or in the election of the new secretary.

The affair then began to look like a farce when Mulas, newly elected, took over his position and changed the locks on the office doors because, he said, too many keys were floating around.

Marteddu did not desist and continued, even though evicted from the headquarters, to consider himself the party's provincial secretary. Far from being settled by the new election, the polemics became increasingly fiery while the Nuoro Christian Democrats--at least those who are not officially aligned with either group--anxiously await from the party's national secretariat a decision that would somehow restore peace.

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COUNTRY SECTION

ITALY

CISL LEADER ON REDUCING WORKING HOURS AS UNEMPLOYMENT REMEDY

Milan CORRIERE DELLA SERA in Italian 14 Dec 79 p 13

[Article by Giorgio D'Adda: "Carniti Proposes Reducing Working Hours To Solve Unemployment Problem"]

[Text] Chianciano. Pierre Carniti, secretary general of the CISL [Italian Confederation of Labor Unions] is convinced that the present government "is leading the nation to disaster." He says, "We are on the brink of the most dramatic crisis Italy has ever known. Within a few months, as a result of the petroleum shortage, we could have half a million unemployed. However, the nation cannot tolerate, in social terms, a new increase in unemployment."

To deal with this truly emergency situation, Carniti, in addition to maintaining the need for a government in which all the democratic political forces were jointly made responsible, "proposes the reduction of working hours "beyond the limits" fixed by recent national labor contracts. (Just in the past few weeks, Delpiano, federal secretary of the CISL, had proposed an earlier-than-planned reduced workday schedule to Olivetti in order to avoid dismissals). The new maneuver concerning working hours therefore is expected to become one of the central themes during the season of plant contract renewals which will begin in the early months of 1980.

The secretary of the CISL traced this "anti-inflation strategy" in a conversation which took place as a side activity during the organizing conference of FILTA [Italian Textile and Garment Workers' Federation], the CISL textile union, which is taking place at Chianciano.

Carniti does not hide the fact that he is worried. He expresses very harsh judgments above all against the government. He emphasizes: "By continuing to avoid the definition of an energy strategy the government is leading us to disaster. Until now the petroleum problem has been handled with irresponsible underestimation. The amateurishness, the careless approach shown even in the ENI [National Hydrocarbons Agency], risks causing a crisis so severe that it could not even be compared to the situation of 1975 and 1976."

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According to the CISL secretary general, all the premises exist today to support the view that the blackest of forecasts will be realized within a few months. "We have an inflation rate of from 20 to 25 percent; a variation of one point in the discount rate involves an increase in plant expenditures of 3 trillion lire; the prospect of the need to resort to purchase of petroleum on the free market means an expenditure of an additional 3 to 4 trillion lire. In short, we are heading toward a situation in which we can no longer control either inflation or the lira exchange rate. But that is not enough. We hope that data reported by the government on the petroleum shortage are erroneous. We know, however, that even if there were a shortage of only 10 million tons of crude (less than half the figure given by the ministers) production would drop by 6 percent producing 500,000 new unemployed within a few months."

For Carniti, the country is not able to support a further increase in unemployment. And today it is more urgent than ever to respond to a "terrorism that has become guerrilla warfare, "by solving the problems that are causing social tensions, that is, "providing work for the young, for women."

The situation, "which has never been as much of an emergency as it is today," demands the formation of a "government of democratic unity."

Carniti says; "The country cannot save itself without a convergence of all political forces." Only by making "all parties jointly responsible" will it be possible to overcome the trauma of changes the energy crisis will bring out in our way of life. We should decide how to reduce waste and how to reorganize labor in the factories."

But will the trade union, in a situation that is so difficult, agree to deal with the problem (which employers consider vital) of increased productivity? Carniti maintains: "The alternative to a drop in productivity is the decline of civilization of a country. Contrary to what others have done, the CISL has never had any reservations concerning this problem. An increase in productivity could however have three results: Increase of profits, improvement of the standard of living of the workers, a reduction of working hours. The first does not lead to an increase in employment, the second produces better wages. And high productivity is not reconcilable with higher employment. Therefore, in order to create new jobs there is nothing left but to take action concerning working hours."

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